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featuring special announcements and news of interest to all concerned with motoring

American National Debt Will Reach New Record As Defence Costs Mount

ROOSEVELT'S LAST BUDGET ANNOUNCED

RELIEF SLASHED TO PROVIDE FOR EMERGENCY

SPECIAL TO THE "TELEGRAPH"

WASHINGTON, Jan. 4 (UP).—PRESIDENT ROOSEVELT, IN HIS MESSAGE TO CONGRESS, HAS BUDGETED FOR THE ADMINISTRATION'S ELEVENTH CONSECUTIVE DEFICIT, DESPITE THE FACT THAT HE HAS CUT EXPENDITURE BY \$65,000,000 AS COMPARED WITH THE CURRENT FISCAL YEAR.

The 1941 Budget introduced by the President to-day totals \$8,424,000,000 which, although lower than the 1940 estimates, is the third highest Budget in the nation's history.

WHY HITLER DAREN'T BOMB BRITAIN

WE CAN CRUSH HIS ARMADA

SPECIAL TO THE "TELEGRAPH"

LONDON, Jan. 4.—Britain now has enough fighter planes on the Home Front to overwhelm the biggest mass formation of bombers that Germany could send against her.

That is why Hitler has not dared to bomb Britain. Our Air Force, it is now revealed, can always keep more than 2,300 planes flying—at home, alone—however many may be lost in fighting.

At least 800 of these first-line planes are high-speed fighters, ready to defend you.

These figures do not include the squadrons sent to France at the outbreak of war, the reserves available for the Western Front and the Home Front, the large numbers of new aircraft with the Fleet Air Arm and at overseas garrisons, or training machines.

When Germany revealed in 1934 that she intended to build a new fleet of 1,000 first-line machines with adequate reserves, and said that hundreds of the planes were then ready, it was decided that we should build a first-line strength at home of 1,500 aircraft.

Order For 1,000 Fighters

This was later increased to 1,750, and then to over 2,000, to be completed by the Spring of the present year.

Since every Squadron of the R.A.F. has a 50 per cent. reserve with it, for rapid replacement of casualties, the fleet strength of the R.A.F. is now over 2,500.

NAZIS PRAISE (YOU'D NEVER) MR. CHURCHILL

THOUSANDS of people in Germany have bought a new version of T. E. Lawrence's "Revolt in the Desert."

It has just been published by Paul List in Leipzig.

On the paper wrapper they have read an advertisement for another new book, which says:

"In this excellent work Churchill reveals himself as a spirited and daring adventurer, but also as a sincere and open character. He is irresistibly attracted by a fight, and bursting to perform deeds of heroism."

"Churchill is a born story writer, commanding a richness and vivid use

of language seldom met with, full of wit and humour, always thrilling and fascinating, but nevertheless full of deep moral seriousness."

The tribute is the advance notice of a translation of one of Mr. Churchill's books, obviously planned just before the outbreak of war.

But the Nazi censors missed it. In German newspapers recently Mr. Churchill has been described as "an immoral being," "a Machiavellian mind," and "a deadly enemy."

Relief costs have been drastically cut in order to provide new emergency defence expenditure of \$460,000,000. This is in addition to the ordinary defence expenditure.

In his message, President Roosevelt opposes taxation which will curtail consumer purchasing power.

Although not revealed, it is believed that he contemplates increases in income, estate and inheritance taxes.

The estimated deficit is \$2,976,000,000. As a result the National Debt—already a record—will be increased to \$41,938,000,000.

America's Fiscal Problems

WASHINGTON, Jan. 4 (Reuter).—In the course of his review of fiscal policy in his Budget speech, President Roosevelt pointed out that the deliberate use of government funds to encourage private enterprise has profoundly affected both government and private incomes.

The national income in four years has risen 69 per cent.—the biggest rise for any similar period in history.

Expenditure Cuts

The Works Progress Administration will be enabled to provide employment for an average of 125,000 people.

The Farm Security Administration will operate on about 80 per cent. of last year's level.

Relief expenditure will be closely geared to actual needs, but if the present hopes are disappointed, revised estimates might be substituted later in the session.

Replying to the criticism of the public debt, President Roosevelt pointed out that there are durable and tangible assets constructed or purchased by the Government, though these are never yet listed.

Expenditure estimates include nearly \$150,000,000 in the construction of merchant shipping.

PLEASE Turn To Page 2.



THESE propaganda stamps, posted in Holland (the stamp and postmark are shown above), are being received now by many people.

The first, marked 1914, shows the "encirclement" necessary to make Britain's blockade successful in the last war.

Below is one marked 1939 in which the Germans attempt to show how "encirclement" has failed and how the blockade must also fail.

It takes no account, however, of the vital fact that present-day Nazi Germany has no gold or foreign currency with which to pay for imports necessary to carry on the war or that the countries on her frontier cannot supply many of the raw materials she needs.

WAR IN CHINA

PEACE IN OFFING?

London Has Wave Of Optimism

LONDON, Jan. 4 (Reuter).—Hopes that serious efforts may shortly be made towards securing some settlement in the Sino-Japanese war were responsible for the sharp upward movement of Chinese bonds to-day.

It is realised that the potential recovery capacity of China in such an event must be large, especially as the latest returns of Customs revenues issued by the Chinese Embassy indicate a relatively small real decline in China's receipts for 1939 as compared with last year.

Many financial quarters, who were prepared for a much greater decline, are now wondering whether, if China can secure such a large Customs revenue with many of her legitimate trade outlets closed, might not provide a spectacular commercial recovery were the normal trading conditions restored.

HOSPITAL BURNT DOWN

Shocking Action By Japanese Troops

SHANGHAI, Jan. 4 (Reuter).—The British Consul-General at Tientsin has made representations to the Japanese following the burning of the English Methodist Mission hospital at Chuchin, near Wutzing, in Shantung on December 25, by Japanese troops, in retaliation for alleged treatment of wounded guerrillas.

Before departing, the Japanese are reported to have made a threat to burn the Church and foreign houses in the Mission compound at a later date.

Italian Envoy Returning

MOSCOW, Jan. 4 (Reuter).—The Italian Ambassador left Rome to-day.

GRAF SPEE MEN TRY TO ESCAPE

MONTEVIDEO, Jan. 4 (Reuter).—Five members of the Graf Spee crew made a daring attempt to escape internment to-day.

They secured a motor launch and started for Buenos Aires.

The motor launch developed engine trouble, however, and the men were overtaken and brought back.

THEY FEEL THE PINCH

Front Line Soldiers Short Of Clothes

COPENHAGEN, Jan. 4 (Reuter).—According to reports reaching here, the Allied economic warfare is now being felt in Germany, even among the troops in the Siegfried Line.

The reports assert that many men are in want of new uniforms and other clothing. Even the richest Germans, it is reported, are finding it hard to obtain new clothes which are particularly needed now because of the very cold winter.

No Food Shortage

Generally speaking, however, there is no serious food shortage provided that one has the money to pay for it, but the fare obtainable is monotonous, and to a certain extent lacking in nutriment.

Freezing German waterways are holding up coal deliveries. This, combined with the shortage of clothing and the extreme cold, augurs ill for the comfort of the Germans for the remainder of the winter.

PORTUGAL HIT BY FLOODS

LISBON, Jan. 4 (Reuter).—The floods which hit Portugal in the past two days are growing worse, and large areas are now under water. Some 50 villages are submerged and hundreds of head of cattle have been lost.

Poles are Ready

LONDON, Jan. 4 (Reuter).—Substantial Polish forces will be ready to fight beside the Allies at the beginning of spring, declared the Polish Ambassador at a luncheon to-day.

He protested against the German allegations of Polish atrocities and said that the Nazis, not content with destroying the Poles at home, are now trying to destroy their good name abroad.

The Nazis are making every effort to kill the spirit of the Poles, particularly by means of concentration camps.

The whole of the population of Western Poland are being driven from home, and to-day there is not a single Pole in the once-thriving Polish port of Gdynia.

Big Red Air Raid

LONDON, Jan. 4 (Reuter).—Reports from both Copenhagen and Stockholm state that the Soviets staged one of their most ambitious air raids on Wednesday on the town of Tornea, at the head of the Gulf of Bothnia.

Twenty planes are said to have bombed the outskirts of the town. Two were shot down.

The railway bridge a few miles east of Tornea is said to have been damaged. If this is so, the Finns will be deprived of a valuable means of supply from Sweden.

Mystery Air Bases

This raid raises the question as to where the Soviet planes came from. The nearest large Soviet town is Murmansk, and the outward and homeward journey from Murmansk is 600 miles. From Leningrad the round-trip would be one of nearly 1,000 miles.

It is possible, however, that the Soviets have established temporary air bases on the frozen lakes near their lines on the central front.

The Soviets also bombed Oulu (Ulenburg), an important railway town on the Gulf of Bothnia, some 60 to 70 miles south of Tornea.

These raids are believed to be part of the new Soviet plan to attack railways and harbours in order to hinder foreign assistance to Finland.

Finns Retaliate

LONDON, Jan. 4 (Reuter).—There was aerial activity by both the Finns and Soviets to-day.

The Helsinki correspondent of a Swedish paper reports that Finnish planes flew over Leningrad on Wednesday and dropped leaflets containing the speech of the Finnish Foreign Minister to M. Molotov.

Other leaflet planes flew over the Soviet Lines in the Karelian Isthmus and dropped pamphlets telling of the good treatment the Finns gave their prisoners.

The leaflets include photographs showing the prisoners wearing warm clothing. These also showed Russian planes flying over the Finnish coast.

PLEASE Turn To Page 2.

Merciless Criticism of Russian Leaders

LONDON, Jan. 4 (Reuter).—Praise for the magnificent fighting qualities displayed by Finnish soldiers is given in a leading article in the "Times" to-day.

There are a number of contributing factors on the Soviet side which have materially assisted the Finns, the paper goes on.

Stalin's Incompetence

Stalin, in the first place, is militarily incompetent and has miscalculated.

The Russians living close to Finland would obviously be more able to endure the weather conditions prevailing there than those from other parts of Soviet Russia.

But they suffered from the usual difficulty that Russian soldiers do not like to attack their neighbours, hence troops from other parts of the country had to be used.

Serious Mistake

Then again Stalin, for political reasons, has destroyed a large number of his best professional officers.

And finally, Russian soldiers who have been raised in belief in God and their country have now been shorn of those ideals.

Civil Service Want Wage Increases

Sir John Simon Sees Inflation Threat

LONDON, Jan. 4 (Reuter).—Automatic raising of wages to meet the rise in the cost of living would involve a grave danger of inflation, Sir John Simon, Chancellor of the Exchequer, to-day told a deputation representing the Civil Service.

The deputation drew attention to the number of wage and salary increases by industrial concerns to meet the increased cost of living, and urged the establishment of a committee to elaborate a scheme of compensation for the Civil Service.

Financial Strain Emphasised

The Chancellor re-affirmed the Government policy of reviewing Civil Service pay in the light of substantial changes in the level of remuneration elsewhere, but referred to the enormous financial strain in consequence of the war, and to the grave danger of inflation if wages were automatically adjusted to prices.

While it would be difficult to keep Civil Service wages at the present level if prices continued to rise, the Government was doing everything in its power to prevent unnecessary rises in the cost of living.

Cotton Price Control

LONDON, Jan. 4 (Reuter).—The new Ministry of Supply order does not control raw cotton prices but, with certain exceptions, regulates the prices of single cotton yarn of American and Egyptian type by prescribing specific "margins" for each type and quality.

The controlled price of any yarn sold will be ascertained by adding an appropriate margin to the sum representing the cost of raw cotton used.

The system follows on a general line the existing voluntary yarn price agreement.

In general, the margins fixed are appreciably lower than those prevailing, and it is hoped that one important result will be to assist export trade.

TRI-POWER PARLEYS TO START?

Keeping Russia Away From The Balkans

ROME, Jan. 4 (Reuter).—Persistent rumours are circulating in well-informed unofficial circles that a triangular conference may be held between Count Ciano (Italian Foreign Minister), Count Csaky (Hungarian Foreign Minister who is at present visiting Italy) and German statesmen.

Field-Marshal Hermann Goerring, Dr. Joseph Goebbels and Herr Joachim von Ribbentrop are mentioned as the possible German representatives.

Ciano To Meet Csaky

Rumours of a visit by Goerring were current last night, but confirmation is not obtainable.

It is said to be practically certain that Count Ciano will go to Venice to meet Count Csaky.

Authoritative circles believe that if the conference becomes tripartite, the problem of how to keep Soviet Russia on her own side of the Carpathians will stand at the forefront of the discussions.

Russo-Japanese Trade Talks

MOSCOW, Jan. 4 (Reuter).—Five members of the Japanese trade delegation have arrived here from Tokyo and were welcomed by a large number of Soviet officials, including the Deputy Commissar of Foreign Trade. Talks are scheduled to start on Sunday.

The delegation will visit the Kremlin with the Japanese Ambassador to Moscow to-morrow for conversation with M. Molotov, the Soviet Foreign Commissar.

U.S. Neutrality Believed to be Weakened

NAZIS SEE THREAT IN ROOSEVELT'S SPEECH

AMSTERDAM, Jan. 4 (Reuter).—President Roosevelt's speech is regarded from beginning to end as an attack on Germany, according to German political circles quoted by the Berlin correspondent of the "Telegraph."

It is considered that President Roosevelt has weakened America's attitude of neutrality.

This opinion is further strengthened by the report that the U.S. Secretary of the Navy, Mr. Charles Edison, has proposed placing certain industries under the direct control of the State.

It is recalled that American authorities obtained the same powers in 1917, a month or two before America entered the war, and although it is too much to claim that this step is an indication of American intention to participate in the war, there is less confidence in the continuance of America's neutrality in all circumstances.

French Reactions To Speech

PARIS, Jan. 4 (Reuter).—That the Allied cause will have a "moral victory" before a material one is the not yet clear.

LATEST

See Back Page For Further Late News

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Expert-rapid tuition. Pupils dance in 5 hours. Terms a specialty. Apply to-day—Tony's Dance Studio, 6th floor, China Building, Phone 30933.

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EXPERT seeks position. Any capacity especially imports, shipping, knowledge of English, Chinese, accounts, correspondence, typewriting, Office routine, good reference. Security furnished if required. Box 599, "Hongkong Telegraph."

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"HONGKONG AS REVEALED BY THE CAMERA" Second Edition. Over 60 excellent views of the Colony. Price \$1.50. Obtainable at Kelly & Walsh, Ltd., Hongkong Travel Bureau or from the Publishers, South China Morning Post, Ltd., Wyndham Street.

MOTOR CARS, ETC.

1938 MORRIS "8" four door saloon fixed head. Excellent condition. One owner. \$2,000. Box 565, "Hongkong Telegraph."

SING'S Motor Driving Tuition. Hongkong-Kowloon, by experienced instructors from England. Intensive courses from \$30. Reliable cars for hire. Phone 57122, 523, Nathan Road, Kowloon.

1937 STUDEBAKER Coupe, 25 h.p., 20 miles per gallon. Only done 9,500 miles. Excellent condition. Licensed to July 1940. Price \$1,900. Will consider good offer. Box 567, "Hongkong Telegraph."

TO LET.

TO LET. Comfortable nicely furnished room in Kowloon, good locality. Five minutes from Ferry. Board, laundry, if desired. Box 564, "Hongkong Telegraph."

Under the Distinguished Patronage of H. E. The Governor Sir Geoffrey A. S. Northcote, K.C.M.G.

AGRICULTURAL SHOW

(Under the auspices of The New Territories Agricultural Association) to be held at Fanling (near the Fanling Railway Station) on Saturday and Sunday, January 6th and 7th, 1940.

H. E. The Governor has graciously consented to open the Show at 2.30 p.m. on January 6th, 1940.

Prizes will be distributed by J. Burrow, Esq., District Officer, Northern District at 2.30 p.m. on January 7th, 1940.

Concession rates kindly granted by the Kowloon-Canton Railway for visitors to the Show on the 10 a.m., 12 noon and 1.30 trains from Kowloon, and any train from Fanling after 1.00 p.m. on both days.

Tickets can be purchased either at Kowloon or Yau Ma Tei Station and are available for date of issue only. There will be a stall for the sale of vegetables grown by refugees under expert guidance, particularly in the matter of sanitation.

Admission: FREE.

1940

OF THE

HONGKONG DIRECTORY

DIARY

and

BLOTTER

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NEW ADVERTISEMENTS.

G.  R.

PARTICULARS & CONDITIONS of the Sale by Public Auction to be held on Monday, the 8th day of January, 1940, at 3 p.m., at the Offices of the Public Works Department, by Order of His Excellency the Governor of one Lot of Crown Land at Cheung Sha Wan, in the Colony of Hong Kong, for a term of 75 years, commencing from 1st July, 1898, with the option of renewal at a Crown Rent to be fixed by the Surveyor of His Majesty the KING, for one further term of 24 years less the three days thereof.

Intending bidders are advised that immediately after the disposal of the lot the Purchaser (if not the applicant) will be required to deposit with an authorised officer who will be present at the sale, the sum of two hundred dollars, (\$200) in cash. This sum will be refunded on payment of the Purchase price.

PARTICULARS OF THE LOT.

No. of Sale	Reg. No.	Locality	Boundary Measurements	Area in Acres	Area in Sq. Feet	Upst. Price
1	2-59	Cheung Sha Wan	100 feet by 100 feet	2.28	98,880	\$200
2	2-60	Cheung Sha Wan	100 feet by 100 feet	2.28	98,880	\$200
3	2-61	Cheung Sha Wan	100 feet by 100 feet	2.28	98,880	\$200
4	2-62	Cheung Sha Wan	100 feet by 100 feet	2.28	98,880	\$200
5	2-63	Cheung Sha Wan	100 feet by 100 feet	2.28	98,880	\$200
6	2-64	Cheung Sha Wan	100 feet by 100 feet	2.28	98,880	\$200
7	2-65	Cheung Sha Wan	100 feet by 100 feet	2.28	98,880	\$200
8	2-66	Cheung Sha Wan	100 feet by 100 feet	2.28	98,880	\$200
9	2-67	Cheung Sha Wan	100 feet by 100 feet	2.28	98,880	\$200
10	2-68	Cheung Sha Wan	100 feet by 100 feet	2.28	98,880	\$200

G.  R.

PARTICULARS & CONDITIONS of the Sale by Public Auction to be held on Monday, the 8th day of January, 1940, at 3 p.m., at the Offices of the Public Works Department, by Order of His Excellency the Governor of one Lot of Crown Land at Ma Tau Kok, in the Colony of Hong Kong, for a term of 75 years, with the option of renewal at a Crown Rent to be fixed by the Surveyor of His Majesty the KING for one further term of 75 years.

Intending bidders are advised that immediately after the disposal of the lot the Purchaser (if not the applicant) will be required to deposit with an authorised officer who will be present at the sale, the sum of two hundred dollars, (\$200) in cash. This sum will be refunded on payment of the Purchase price.

PARTICULARS OF THE LOT.

No. of Sale	Reg. No.	Locality	Boundary Measurements	Area in Acres	Area in Sq. Feet	Upst. Price
1	2-69	Ma Tau Kok	100 feet by 100 feet	2.28	98,880	\$200
2	2-70	Ma Tau Kok	100 feet by 100 feet	2.28	98,880	\$200
3	2-71	Ma Tau Kok	100 feet by 100 feet	2.28	98,880	\$200
4	2-72	Ma Tau Kok	100 feet by 100 feet	2.28	98,880	\$200
5	2-73	Ma Tau Kok	100 feet by 100 feet	2.28	98,880	\$200
6	2-74	Ma Tau Kok	100 feet by 100 feet	2.28	98,880	\$200
7	2-75	Ma Tau Kok	100 feet by 100 feet	2.28	98,880	\$200
8	2-76	Ma Tau Kok	100 feet by 100 feet	2.28	98,880	\$200
9	2-77	Ma Tau Kok	100 feet by 100 feet	2.28	98,880	\$200
10	2-78	Ma Tau Kok	100 feet by 100 feet	2.28	98,880	\$200

G.  R.

HELM BROTHERS LIMITED YOKOHAMA

The Undersigned are authorised to give notice that as at 13th September, 1939, James T. Helm and William C. Helm resigned from the Board of the above Company.

for HELM BROTHERS LIMITED LINSTED & DAVIS.

NEW U.S. LEGAL APPOINTMENTS

WASHINGTON, Jan. 4 (Reuters).—Mr. Francis Biddle, at present a Judge in the Circuit Court of Appeals, has been nominated Solicitor-General.

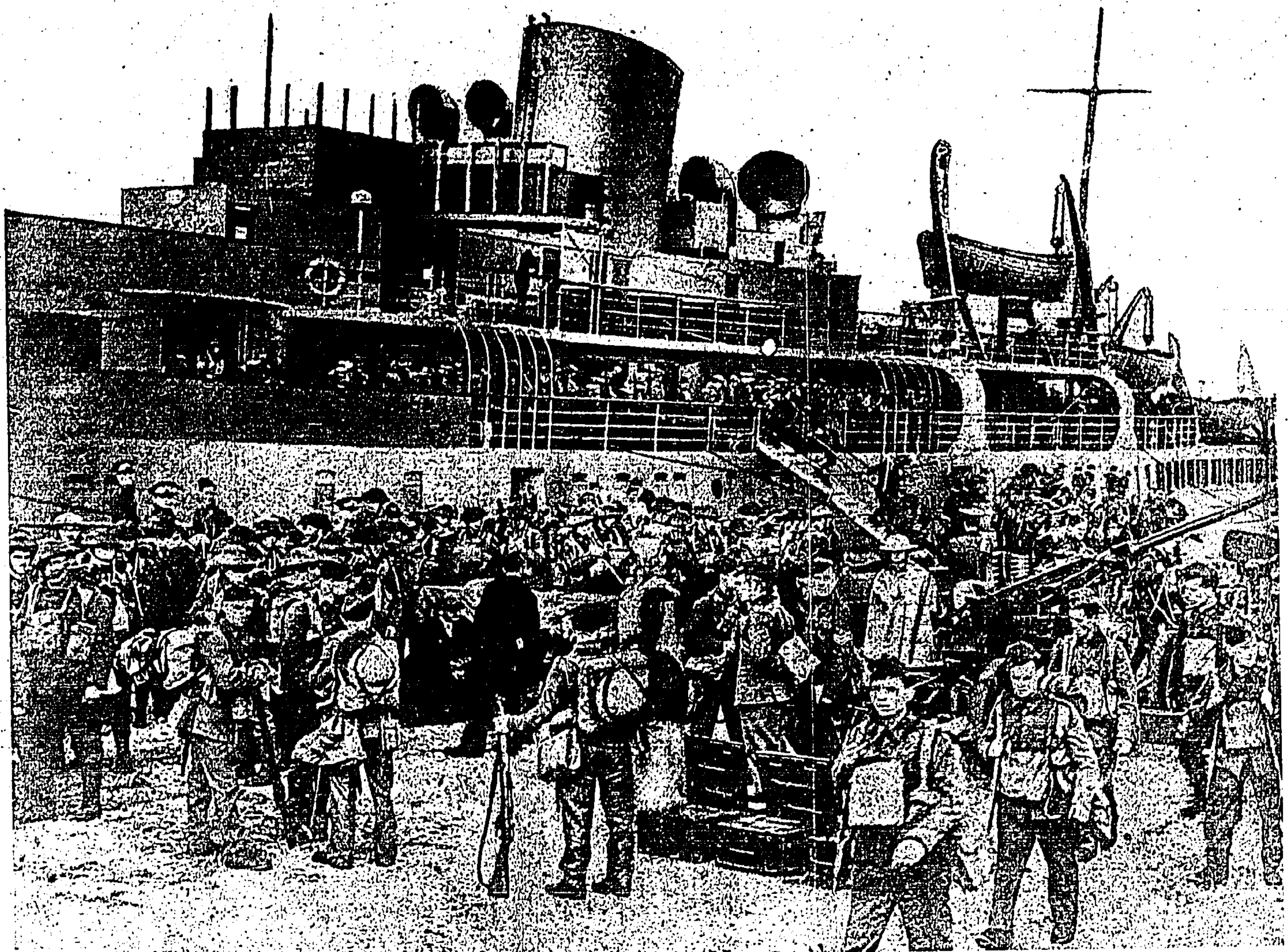
Mr. Frank Murphy replaces Judge Pierce Butler, who died in November, on the Supreme Court.

He is the President's fifth nominee to the nine-men Court.

Little Action On Western Front

PARIS, Jan. 4 (Reuters).—To-day's communiqué states that there was no important incident during the day. There were some encounters of patrols in the region west of the Sarre.

BRITISH TROOPS DISEMBARKING IN FRANCE



ON ACTIVE SERVICE—An official photograph taken while British troops were disembarking at a French port.

Irish Army Is Undermined

Dramatic Criticism In Eire Senate

DUBLIN, Jan. 4 (Reuters).—In the Eire Senate to-day, Professor Michael Tierney said that he was not surprised at the raid on the magazine in Phoenix Park.

It was patent to anybody familiar with what was going on in the army that things were bad. Discipline was undermined and there were irregularities which would never be permitted in any ordinary army.

National Govt. Urged

Professor Tierney urged the formation of a National Government and said that unless the two principal parties in Eire came to some arrangement, they would soon find that the country had no use for either of them or for Parliamentary institutions.

General Richard Mulcahy urged co-operation between the governments of Eire, Great Britain and Ulster so that Eireann citizens would not be allowed to damage property or endanger lives in North Ireland or Britain, or endanger political relations between Eire and Britain.

"Must Have Discipline"

DUBLIN, Jan. 4 (Reuters).—While the Senate was sitting, the Dail considered another Bill which seeks to put into permanent form, legislation authorising the detention of persons suspected of activities against the State.

Mr. Aiken, the Minister of Defence, said: "When small nations are falling like nine-pins all over the world, if this small nation is to survive, it must have discipline, and the Government must have the support of all good citizens in suppressing revolutionary activities."

Over 20 Arrests Made

LONDON, Jan. 4 (Reuters).—It is now reported that over 20 men were arrested to-day in the city and county of Cork.

Mr. De Valera's Hint

DUBLIN, Jan. 4 (Reuters).—The Dail has passed the final stage of the Offences Against the State Bill by 62 votes to seven.

LETTERS

"Time"

To the Editor, The "Hongkong Telegraph."

Sir,—Your esteemed contributor in his interesting article on "Time" has overlooked some important factors on the subject. For instance, one day and the like, whether it be monthly or yearly, but on a day in the future. Again, taking Time by any kind of measurement, say by the year, day, or the tick-tock of a time-piece, there is no such thing as "The Present Time," because it does not exist except as an expression of the human mind or brain, denoting an infinitesimal or imaginary dividing line between the Past and the Future, both of which do exist because they are the Two Halves of Eternity; also because a good memory can to a certain extent resurrect the Past, and a good anticipation may be able to foretell the Future to some extent.

To answer the question re New Year—of course there is, seeing that our 1940 represents the latest of the years that our Earth has just commenced on its course around the Sun from the starting and finishing point which we are pleased to call New Year's Day, after having made—I can't say how many, but—a good few laps, and let us hope for many more and better ones if possible.

W. C. BLACKETT.

P.I. Restrictions Removed

Cabin class passengers embarking at Hongkong for ports in the Philippine Islands are no longer required to furnish themselves with cholera immunization certificates. The provisions regarding immunization and stool examination remain in force for steerage type passengers, regardless of the class of transportation occupied.

ROOSEVELT'S LAST BUDGET ANNOUNCED

FROM PAGE ONE

One of the largest army construction items is \$1,204,000 for barracks in Hawaii.

Bigger Income Tax?

The President did not tell Congress how to raise the proposed new defence taxes, but suggested that they should follow the principle of taxing according to the ability to pay and avoid taxes which decrease the consumer's buying power.

1939 Racing Performances

(By "Capt. Foster")
(Continued from Page 6.)

starting 22 times including five excursion trips to Macao, and the pony made \$1,000 to provide for his hay and corn.

Starter	Amount
Alpha	—
Argon	—
Ascot Vale	900
Avon	—
Battleship	—
Black Diamond	150
Blindfold	—
Bogey	50
Bressay	1,200
Calcutta	—
Celtic Star	5,852
Charcoal	200
Chatterbox	2,050
Cyclone	—
Dawn Dimping	—
Dow Jones	150
Fairchild	—
Fan Tan	150
February Fourth	1,250
Gallant Marshal	600
Gauche	—
Geordie	900
Gold Tower	—
Green Bay	900
Guinness Time	2,650
Heddon	700
High Tower	150
King Kong	5,800
King's Navy	250
Kui Cheung	1,700
Lambeth Bridge	—
Magog	850
Marksmen	6,650
Matador	1,250
Mayfair Court	—
Mercury	1,000
Middleton	4,225
Musketeer	—
National Honour	611
National Justice	—
National Liberty	775
National Service	675
New Bedford	—
Old Fashioned	—
Opening Batsman	125
Orange Boven	2,372
Pall Mall	275
Patriotic Day	—
Pawnee	—
Phoenix	1,000
Pontreux	1,700
Radiant Star	1,200
Ring Master	400
Ross Day	425
Roadrunner	—
Sea Captain	—
Sea Horse	400
Silver Star	750
Snail's Pace	—
Snail's Time	1,100
Snowstorm	—
Some Hope	1,700
Sports Gesture	—
Sports Venture	1,000
Starlet	1,200
Strathmore	1,100
Talkative	1,225
Thanksgiving Day	400

BIG RED AIR RAID

FROM PAGE ONE

planes which had been shot down, captured Russian tanks and other war material.

How Reds Were Routed

HELSINGFORS, Jan. 4 (Reuters).—More details of how the Finns routed the Soviets at Suomussalmi a few days ago became available to-day.

The Finns had no artillery available and so operated in small groups. They first destroyed the field kitchens, then the supplies and then the convoys, eventually the almost starving Soviet troops.

The Finns have now turned a large number of captured Soviet tanks to good use. The tanks are half-sunk into the ground and make excellent pill-boxes.

Big Battle Raging

STOCKHOLM, Jan. 4 (Reuters).—Reports from Rovaniemi, the headquarters of the Finnish Northern Army, say that the second battle to be fought on the Salla front within a week is now raging fiercely to the north of Salama.

On Finland's eastern frontier, it is rumoured that the Russians are having a bad time, and that already they have been thrust back across the frontier.

Ski-Sledges For Wounded

OSLO, Jan. 4 (Reuters).—Finland has ordered 300 ski-sledges here to transport wounded.

Norway is presenting Finland with a further 200 ski-sledges.

Thirty doctors and numerous nurses have answered the Finnish appeal for medical assistance.

Russians Repulsed

HELSINGFORS, Jan. 4 (UP).—The official Finnish communiqué states that all Russian attacks and attempts to recapture strategic sites have been repulsed.

It claimed that the Finns have captured 1,000 Russian soldiers and taken prisoner in the mopping up operations at Suomussalmi.

Russian planes bombed Hango this morning and afternoon, forty to fifty thermite and incendiary bombs being dropped with slight damage. It is also claimed that Finnish patrols off Fort Koivisto, captured a Russian tugboat which was sunk after capture.

Ship	Value
The Buccaneer	250
The Grey Tiger	—
The Mermaid	175
The Spirit of St. Louis	250
This Time	1,600
Tiger Eyes	200
Tiny Tim	1,800
Tortoise	—
Total Loss	—
True Love	—
Welcome	1,000
West Lake	1,250
Wilber	2,250
Wild Bear	1,225
Willynilly	1,000
Total	\$71,700

POST OFFICE

INWARD MAILS

From	Time
Canton	Jan. 5, 5.30 a.m.
Calcutta and Swatow	Jan. 5, 5.30 a.m.
Fuzhou and Swatow	Jan. 5, 5.30 a.m.
Japan	Jan. 5, 5.30 a.m.
Shanghai	Jan. 5, 5.30 a.m.
U. S. A., Honolulu, Japan and Shanghai (San Francisco, date, 15th December 1939)	Jan. 6, 5.30 a.m.
Canton	Jan. 6, 5.30 a.m.
Japan and Shanghai	Jan. 6, 5.30 a.m.
Manila	Jan. 6, 5.30 a.m.
Rabat and Manila	Jan. 6, 5.30 a.m.
Shanghai	Jan. 6, 5.30 a.m.
Straits and Swatow	Jan. 6, 5.30 a.m.
Europe via Suez and Straits (London, date, 15th November)	Jan. 7, 5.30 a.m.
Haiphong	Jan. 7, 5.30 a.m.
Salmon	Jan. 7, 5.30 a.m.
Air Mail by "Imperial Airways Direct"	Jan. 7, 5.30 a.m.

OUTWARD MAILS

To	Time
Haiphong	Jan. 5, 3.30 p.m.
Shanghai and Japan	Jan. 5, 3.30 p.m.
Straits	Jan. 5, 3.30 p.m.
Manila	Jan. 5, 3.30 p.m.
Salmon	Jan. 5, 3.30 p.m.
Europe via Suez and Straits (London, date, 15th November)	Jan. 6, 3.30 p.m.
Haiphong	Jan. 6, 3.30 p.m.
Salmon	Jan. 6, 3.30 p.m.
Tourne and Salmon	Jan. 6, 3.30 p.m.
Europe via Suez and Straits (London, date, 15th November)	Jan. 7, 3.30 p.m.
Haiphong	Jan. 7, 3.30 p.m.
Salmon	Jan. 7, 3.30 p.m.
Shanghai and Europe only for Tien	Jan. 7, 3.30 p.m.

WE CAN CRUSH HIS ARMADA

FROM PAGE ONE

Home Defence force is at least 8,000 warplanes.

Behind them is a vast store of secret reserve, figures of which cannot be revealed.

Lord Nuffield's new factory, now in full production, has an order for 1,000 Spitfire fighters alone, which will swell the total of defending aircraft in 1940.

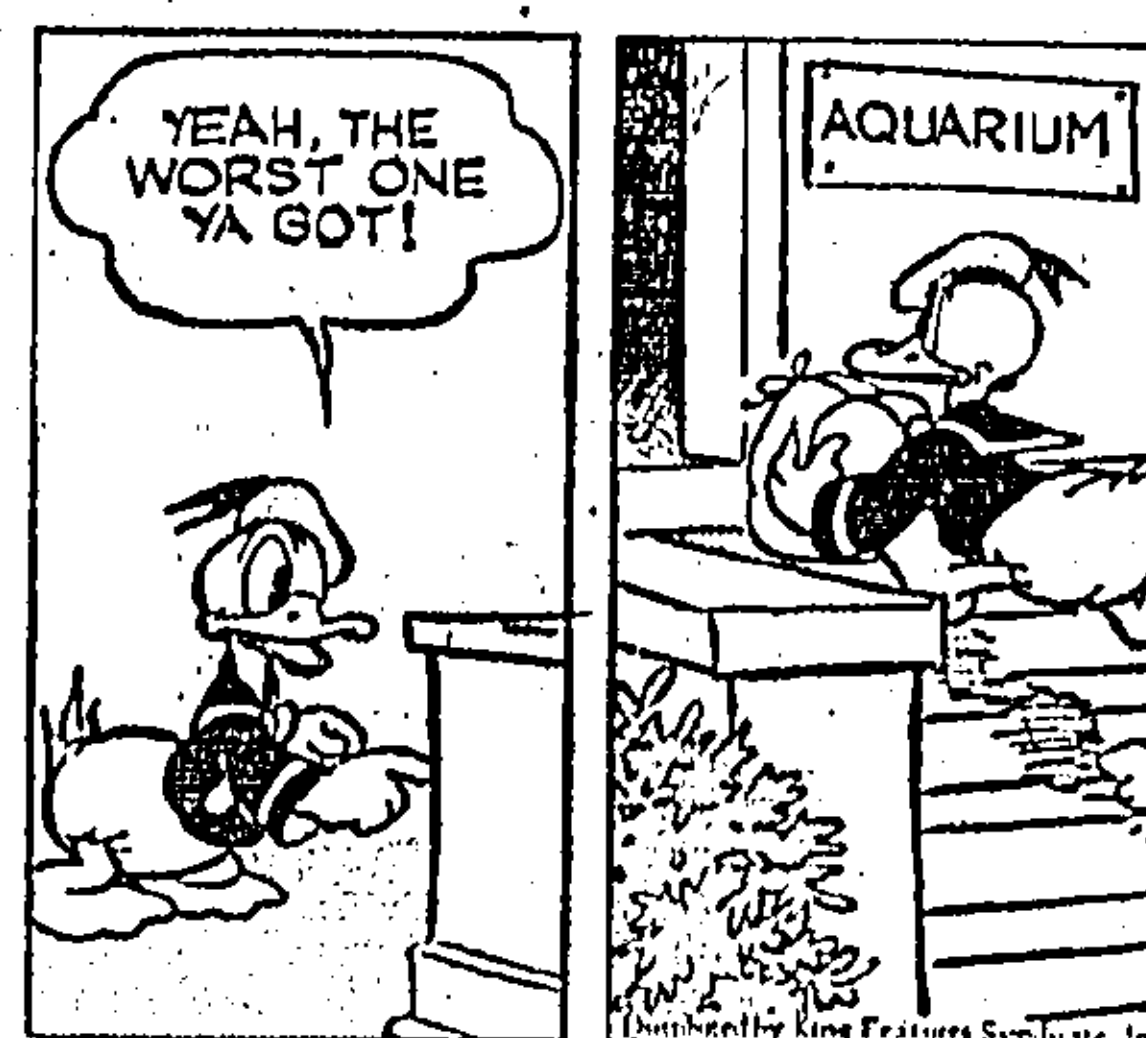
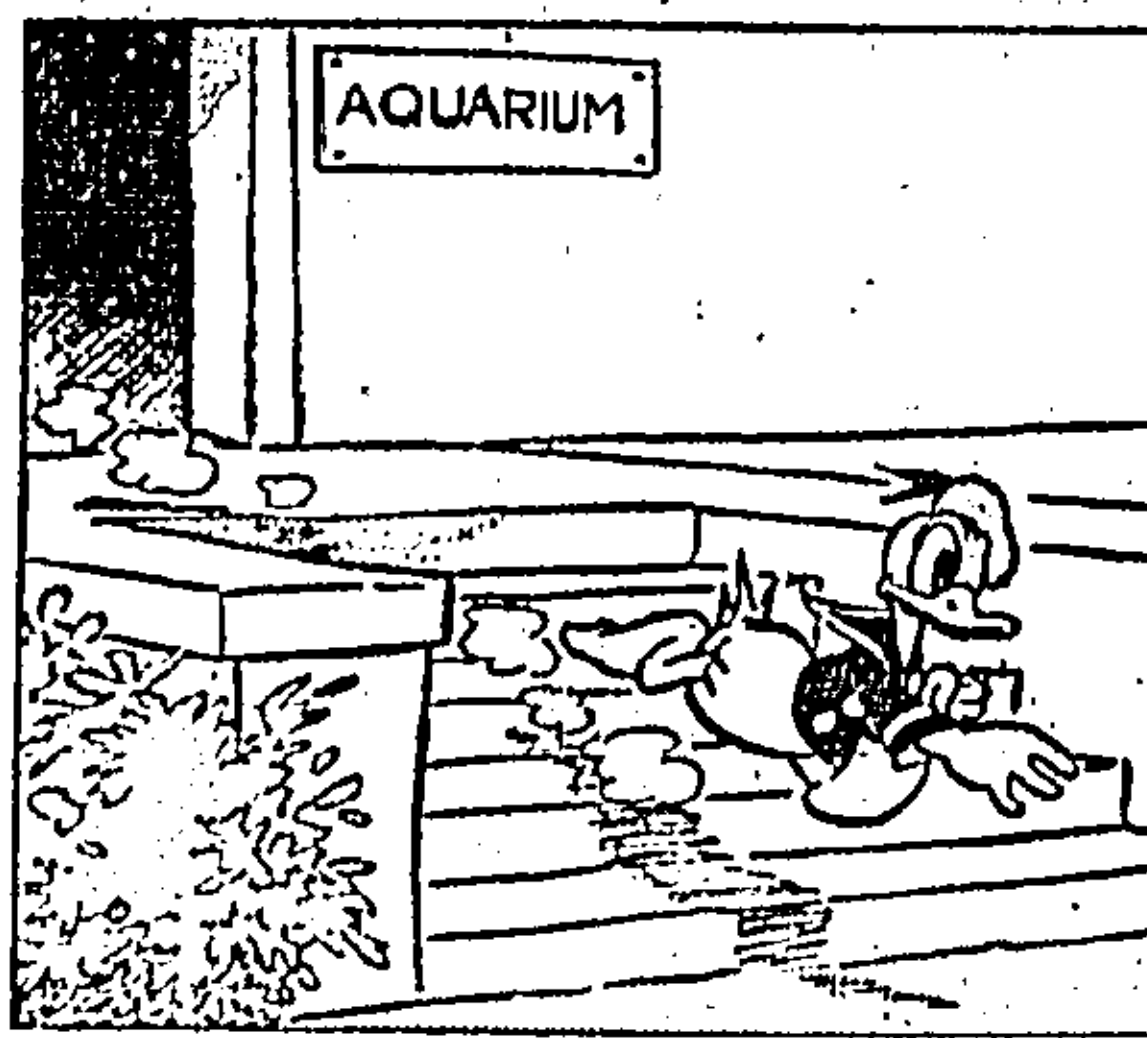
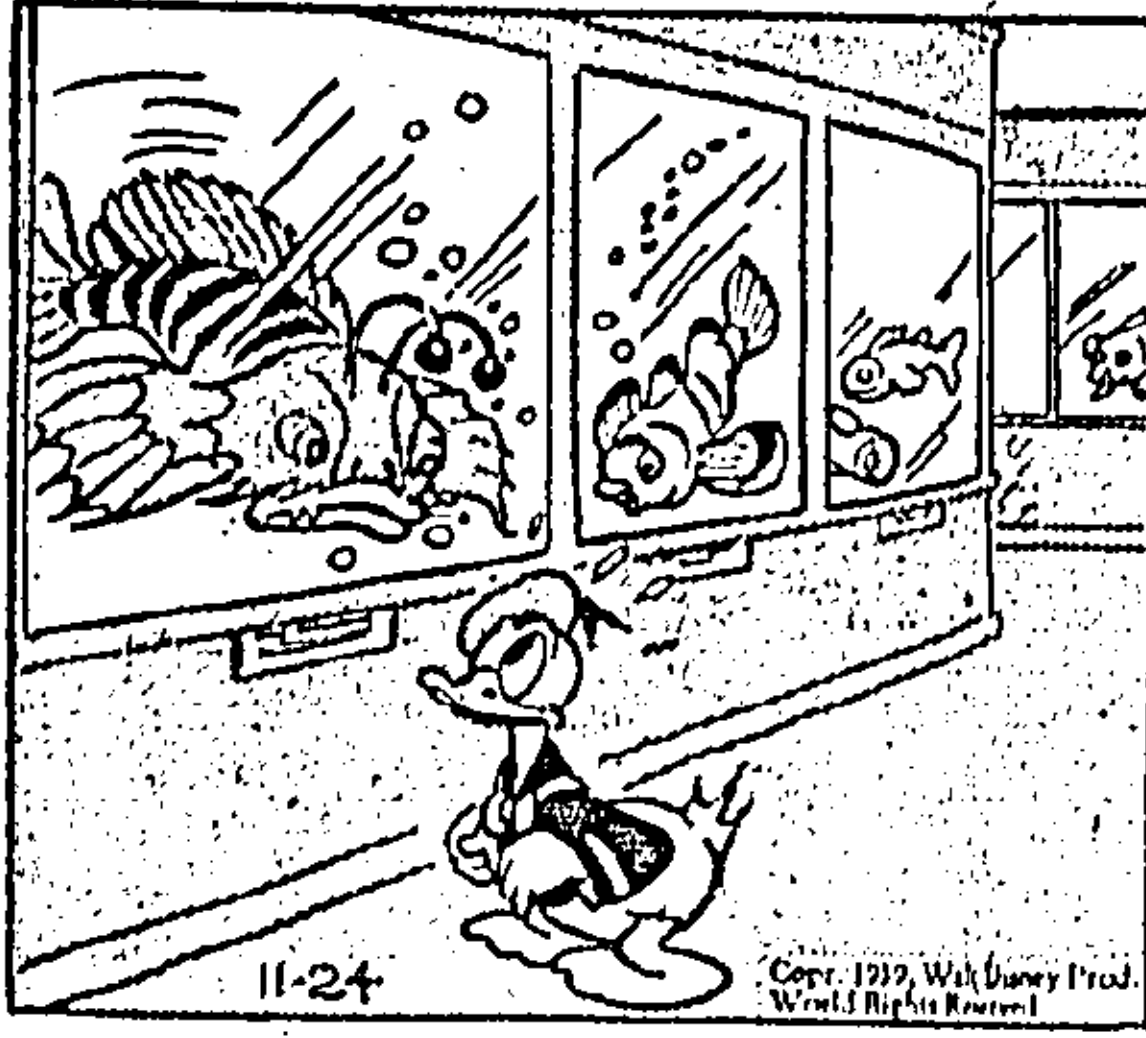
Pace Too Hot

The present production of the British aircraft industry is the result of five years of careful planning, which will assure a prodigious output of warplanes, aero engines, and instruments all through 1940, the peak year of the effort planned when rearmament began.

There is nothing that Germany can do to beat this magnificent effort.

It may be doubted, in view of the Navy's grip on Germany through the Contraband Patrol, whether Nazi output is able to keep up to anything approaching this pace.

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 and 8-11 p.m. on 9.62 m.c.s. per
 second.
 H. K. T.
 12.15 p.m. Short Service of Inter-
 cession.
 12.30—Songs by Leslie Hutchinson
 at the Piano.
 12.40 Joe Daniels and His Hot
 Shots in "Drumsticks".
 1.00 Local Time Signal and Weather
 Report.
 1.03 Haydn—Symphony No. 104
 in D Major ("London"). Edwin
 Fischer and His Chamber Orchestra.
 1.30 Reuter and Rugby News,
 Weather Forecast and Announcements.
 1.45 Gounod's "Faust" Ballet Music
 and Excerpts from the Opera. Even
 Bravest Hearts, Peter Dawson (Bass-
 Baritone), "Faust"—Ballet Music,
 Royal Opera Orchestra, Covent Gar-
 den. Garden Scene. Salts above
 and Angels. And So You Never Take
 a Rest, Muriel Brunskill, Miriam
 Licette, Robert Easton Heddle Nash.
 2.15 Close Down.
 6.00 An Hour of Variety with Clap-
 ham and Dwyer, The Hill Billies,
 The Boswell Sisters, Harry Roy's
 Tiger-Ragmuffins, and Others.
 7.00 Closing Local Stock Quota-
 tions.
 7.02 Geraldo and His Orchestra.
 7.30 London Relay—The News.
 8.00 Local Time Signal, Weather
 Report and Announcements.
 8.03 Latest Variety. Accordion
 Band, "Curry On" Melodies.—It's a
 long way to Tipperary; Keep the
 home fires burning; Hello, hello,
 who's your lady friend? Pack up
 your troubles; There's a long, long
 way to Tipperary.
 11.00 Close Down.

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- F1509 Well all right Victor Sylvester & Orch.
- F1509 Love serenade "Let freedom ring" Victor Sylvester & Orch.
- F1509 There's danger in the waltz Victor Sylvester & Orch.
- F1509 I go for that Victor Sylvester & Orch.
- F1510 One life Billy Thorburn and his Music.
- F1510 Serenade to an empty house Billy Thorburn and his Music.
- F1511 Little golden ring The organ, the dance band
- F1511 Good night my darling, goodnight and Me.
- F1512 Wish me luck as you say goodbye Leslie Hutchinson.
- F1512 Moon remembered but you forgot Joe Daniels and his Hot Shots.
- F1514 Dardanelles Canadian Copers.
- F1515 Tin Pan Alley Medley Iver Moreton and Dave Kaye.
- F1517 Valencia Phillip Green and Orch.
- Ch C'est Paris.

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Behind the Line with French Colonials

INTENSIVE TRAINING: FIRST- CLASS CONCERT PARTIES

By RICHARD CAPELL,
 "Daily Telegraph" War Correspondent
 WITH THE FRENCH ARMY.

Within the last week or so the privilege has been mine of making a more than passing acquaintance with a French division.

There may possibly be similar experiences in store, but not quite the same thing can happen again.

The division has taken me under its wing. Day after day I have gone to and fro among the infantry

regiments and the cavalry, among the gunners and the sappers and the men of the medical corps, not to speak of the General and his Staff.

Anyone who has been "adopted" like this must ever afterwards feel a special loyalty. No other division can in his eyes be quite what his first one is.

Names and numbers are unmentionable. All I can say is that my hosts are a colonial infantry division, and that the war of 1939 has already been a real war for them.

A Familiar Chord

The word colonial must not be understood as necessarily denoting the inclusion of coloured troops. It means, in the case of my division, that the regular officers and non-commissioned officers have seen overseas service. The only men of colour it includes are attached to the artillery.

These mild-looking, cheerful fellows make first-rate chauffeurs and signallers. I have talked with them—they have been educated at mission schools and speak French—and I have eaten rice at their field kitchen.

The snap of frost which came in the third week of November made them shiver, but they are in good health.

But the sight of these children of Ham is not the only reminder one gets of the French overseas empire. Conversation at the messes in a colonial division touches casually on North or West African stations, Syria and Indo-China.

One may never have seen those places, but there is something in this which strikes a chord familiar to the English guest.

"Ragging" The Chaplain

At the end of luncheon we drink to the future of the two Empires—French and British and then there is the traditional shout in unison: "In the name of God, long live the Colonials!"

One meets at such messes a variety of types—the intense professional soldier, the intellectually jovial, and the consummately polished.

The regimental chaplain is by tradition the object of banter. This can be pretty fierce, but the chaplains know how to take it. They are first-rate men, and the "ragging" they get is really a tribute to their humour and patience. They are greatly esteemed.

And in parenthesis let me say that if any reader has a two-seater motor-car to give away, I happen to know a Colonial division chaplain who asks no more than that to be perfectly happy. No man on earth would make better use of it.

When the official accounts are published of the decorations earned by valour in this autumn fighting it will be found that the Colonials have played their part.

One point on which I should like to contribute the testimony of my observations is the work put in by the divisional engineers. On the more or less undefined front as it was when they took it over they must have looked like Trojans.

Within a few days a whole village of huts, has sprung up at an appropriate spot to accommodate the first leave men—the happy few for whom "divisional rest," so called, is really a holiday.

Three Hours' Concert

For the others the word is a mere euphemism. Intensive training goes on in all the fighting units.

Nazi Airmen Who Feigned Death SHOT DOWN BY R.A.F. FIGHTER PLANE

By PETER LAWLESS
 "Daily Telegraph" War
 Correspondent

With the R.A.F. in France. Who sank the Ark Royal? At least, who thought he did? In an R.A.F. mess in France the strange Nazi misconception arose. The man who thought he had relieved the success was the beam companion of a prisoner, pilot of a Dornier shot down in the Chalon-sur-Marne area on Thursday.

The pilot said his friend had sunk the Ark Royal, and no one undertook to disillusion him.

A Reservist with four children, a man of 31 who has done 1,000 hours of flying in four years, the pilot was brought down in a fight with British Hurricanes.

His companions leaped with their parachutes, one to death, the other to be made a prisoner. Alone, he feigned death, rolling relaxed in his seat. Beside him roared a Hurricane, and its pilot, thinking the day's work done, went on.

Taught To Hate English

Then the Nazi pilot scrambled back into the gun pit, and with a burst of fire crippled the British machine so that it was forced to land. The dead man was alive again, but there was another attack to be reckoned with, and his machine was crippled.

He was taken prisoner, but his enemies dined and wined him.

"All my life," he said, "I have been trained to hate the English. The French, no; the English, yes."

Then he looked up at the friendly, smiling faces around him, and burst into tears. He had been told that once a prisoner he would be grossly ill-treated, tortured even.

I do not think any man was so sorry to leave that mess and go behind prison bars. But he still believes that his friend sank the Ark Royal.

Last but not least, the regimental concert parties are in full swing.

I saw one of their shows in a village hall behind the line. The whole programme was contributed by members of one regiment. It lasted for three hours and was by far the best miscellaneous entertainment I ever saw.

What we call the comper in England is known as the speaker at a French cabaret show. The speaker of the concert party of the "22nd" regiment of coloured infantry is a sergeant who may have his equal in the professional or the cabaret world, but cannot have a superior.

Two strong men of the regiment gave a display of acrobatics which made us hold our breath. Sentimental songs of bygone years were as popular with the audience as anything. Then a farcical sketch was acted with bro and made us all laugh till our faces ached.

Another brilliant turn was given by a caricaturist who drew portraits of eminent personages in politics and in the regiment with lightning speed, winding up the series with one of myself.

The pianist of the evening played a fantasia on popular English songs in honour of the English guests.



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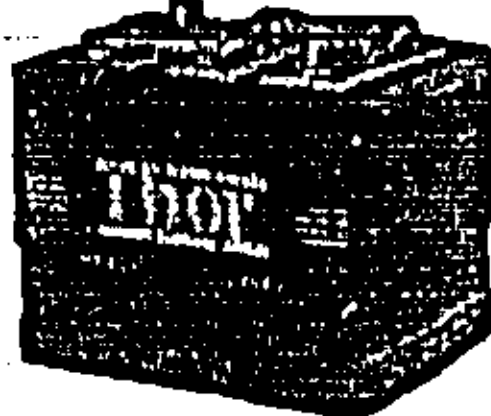
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DEATH

FORSTER.—On Thursday, January 4, 1940, at the French Hospital, William Latton Forster, aged 75 years, late Chief Officer S.S. "Chuen Chow." Funeral will pass the Monument at 5 p.m. to-day.

**The
Hongkong Telegraph**

Friday, January 5, 1940.
Wyndham St., Hongkong
Telephone: 26615

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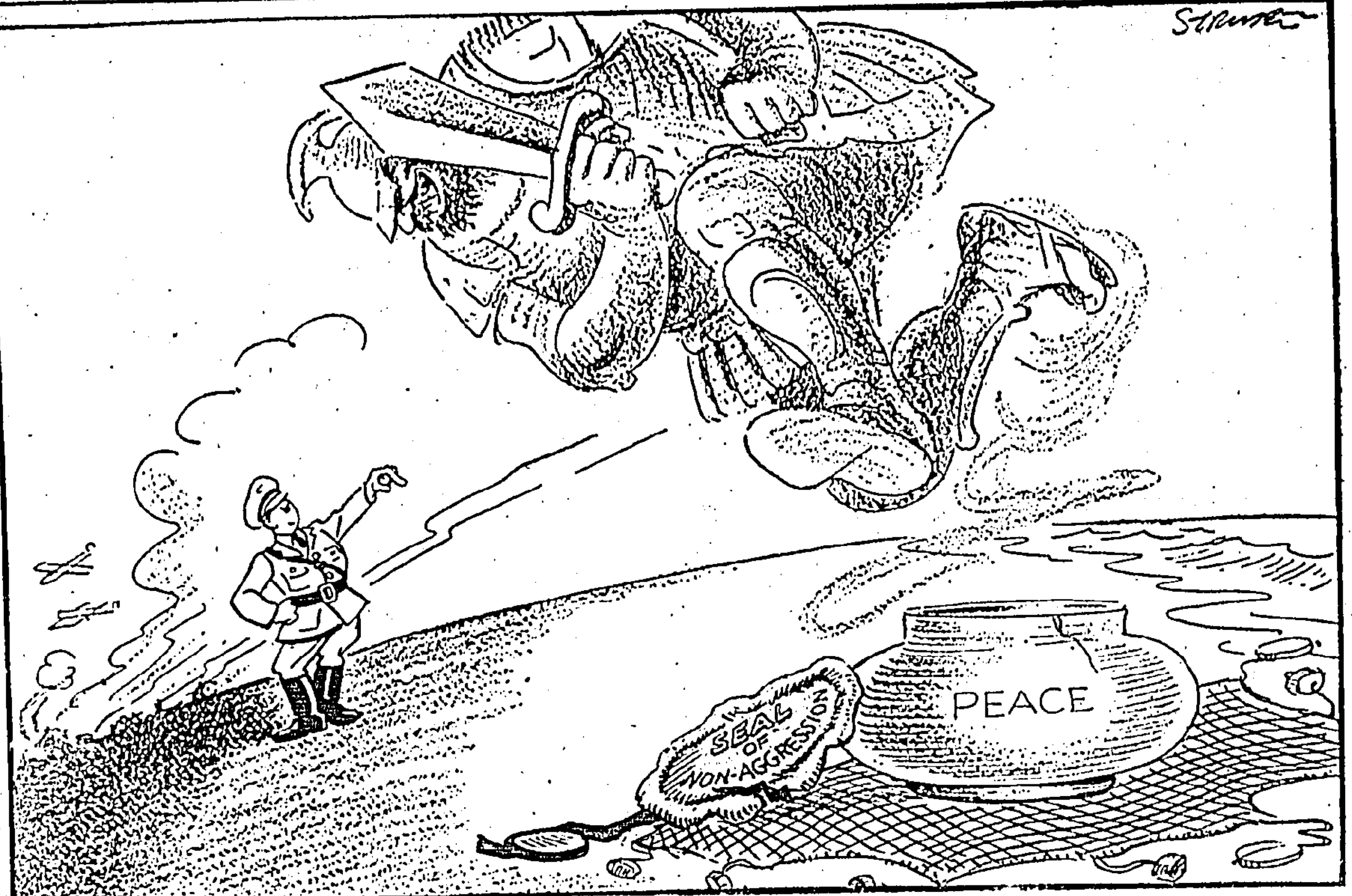
Premature

THERE is a considerable amount of sympathy in the British Empire for the German people, ground down as they are by the Nazi tyrants, and the Allies make it a condition of peace that Germany shall rid herself of the Hitler gang and establish a Government whose word counts for something.

With all our sympathy, however, it must be admitted that Germany produces, in her public life at least, a larger number of scoundrels per head of the population than perhaps any other country in the world. Some such thought may have prompted Lord Bradbury to remark that the German people have shown themselves prone to allow themselves to be dominated by leaders who have made them impossible neighbours to other peoples who desire to live their own lives. Therefore no settlement which merely eliminates a particular individual is going to prevent the rising of another obnoxious individual or another equally damnable political creed.

To overcome this danger Lord Bradbury proposes that the terms of settlement ought to be based on two guiding principles. The first is that nothing should be done to prevent Germany from taking her proper place as a member of a peaceful family of European nations. The second is that everything should be done to prevent Germany from again acquiring lethal weapons and the trained personnel to make use of them, and she should be required to submit to a comprehensive system of international supervision to secure this beyond a peradventure.

This looks very simple and reasonable, but would Germany or any other great nation consent to restrictions of this sort? In any case, discussion of settlement terms is somewhat premature. The first thing to be done is to win the war. It is not wise to count our chickens before they are hatched.



HITLER: "THE WAR IS OVER, HEIL HITLER, NOW BACK IN THE BOTTLE!"
GENIE: "AH, BUT I'M DICTATOR NOW."

☞ Ten guns for every German gun
Ten shells for every German shell
Ten tanks for every German tank ☞

Here's how we are making this slogan come true

I HAVE just returned from a visit to some of Britain's key armament centres.

In those places men, and sometimes women, are working long hours and making a tremendous effort to ensure that the men at the front shall have all the essentials of war... So that there will be no munitions shortage and no room for fear at the back of the minds of the fighting men that they will be let down by the folks at home.

In those factories are being made small arms, bullets, bombs, shells and mighty guns for the Navy and the Army, little pompons to deal with any low-flying aircraft which may attempt to attack our vessels on the sea, and a hundred other weapons of war, some of which are still kept a close secret.

Let me say immediately that the report I give of my visit to these works is a wholly favourable one. I cannot conceive of any munitions

shortage unless by some chance the expenditure of shot and shell should be vastly greater than anything yet thought of.

IN one great factory I visited there was a Hall of Giants. Not a single man among the thirty engaged in that particular place was less than six feet in height—great, muscular men, fine specimens of physical fitness.

As a mere five-foot-one-and-a-half specimen I gazed admiringly on these huge men, lifting with pairs of tongs huge pieces of blazing metal from the top of a furnace and swinging them skillfully to the ground in the right place so that they could be moved on to the next operation.

And here and there were men pushing along these same pieces of high-grade steel with their feet. Their boots are made of special material, partly asbestos, and their clothing, too, provides protection against fire.

THERE are, of course, exclusive places where no unauthorised person is permitted to go—and if by chance you did get in you would not get out again.

Many of these buildings are strangely camouflaged. It is no longer possible to identify them from the air. Water courses which might have reflected the moon by night have been hidden by cunning devices.

IN one place you will find men working in complete safety making those small bullets for the 303 rifle. Small things these bullets are—but beautifully fabricated—of high-grade steel and cleverly put together.

The method is simple—not unlike those child-time puzzles in which you shake the contents of one box into another in exactly the required position.

While millions of small bullets are mass-produced every day, every one of them has to be carefully examined by the human eye, for faults. Those that have the slightest defect are instantly rejected. After their assembly these bullets come into the hands of these checkers.

Many of them are elderly men with still-keen eyes, lining up the bullets by the score—examining first tops and tails and then sides. The chances of a defective bullet passing out are thus very small. These folk realise their responsibility and go about their work as if their lives depended on it—as indeed they may do.

ELSEWHERE I saw the making of heavy bombs for our Royal Air Force.

And here I saw the sandblasters. How comes it that men are pleased to be shut up during their working hours in little fortresses like buildings? Pleased to be dressed in a weird head-dress designed to give protection to their eyes and ears, doing nothing else all the time but spraying vast quantities of tiny pieces of hard steel—under great pressure—on to the sides of these bombs in order to smooth them off and remove accumulations of muck acquired in the process of manufacture?

There are plenty of people willing to take on that job—even though it means working in terrific noise and what may appear to others to be great inconveniences.

If, for instance, you want to communicate with one of these men, a gentle tap at the door will do no good at all. He won't hear. You will have to hit the sides of his fortress with something like a sledgehammer—and if you hit hard enough he will just hear a gentle tap.

Maybe sandblasters are born, not made.

TREMENDOUSLY interesting, too, is the work of repairing the big guns. If you go to some of these works you will find a number of huge guns lying on the grass. They look as if they are being uncared for. Not at all. They are covered with rust-resisting paint, and their insides are full of grease—the ends being protected by wooden blocks.

A sixteen-inch gun for the British Navy weighs an enormous tonnage and shows a shell weighing many hundredweights for a great distance. Its life is probably only a few hundred rounds.

The life of smaller guns may be as much as a few thousand rounds, but all big guns at some time or other have to come in for repair. Their tubes wear out and they have to have new ones—new linings.

This involves taking out sixty feet of steel tube and inserting a new one.

The gun barrel is lifted up gently by rope which is nine inches in circumference and will carry a weight of 150 tons. It is put end-up into a great pit, where it is heated by gas—a formidable arrangement of gas pipes is involved in this. The old tube is carefully taken out, and when it gets cold again the new one is put in.

In all this work the steel used has to be of the highest grade.

The development of high-grade steel in the past fifteen years has altered the structure of the big guns.

There are some old ones in these factories which still have inside them thousands of yards of what we used to call piano wire. It was there to take the compression as the gun was fired.

The new steel makes that unnecessary. It also makes for simpler construction and longer life.

As these great guns are made or remade, they are taken away, perhaps disguised as a kind of birthday cake on wheels, and are tried out—shelling into vast mounds of sand.

LET me tell you about the machines in these vast factories.

One of the most important is the rifling machine. This makes those beautiful grooves in the tube of the gun which cause the shell to rotate at a great speed as it takes its course.

A message I recently received from America said that the British munitions factories were full of German machines... suggested that in this matter of munitions-machinery we were away behind the other man.

Germany has always specialised in certain types of small machine tool. They have specialised in others which they do not produce, and Switzerland and America have specialised in yet other types. In normal times this division of labour is a good thing.

In these big armament works I have looked out especially for German machines. I could find only one German rifling machine. It was obtained under conditions which are unlikely to have caused it to be selected as a bad specimen for our especial benefit. But the quality of the materials of which it is made is so poor that it has broken down several times. It is not comparable with the corresponding British tool.

ALL steel coming into these works is first electrically drilled for a sample. This is sent to the laboratory. The temperature at which it shall be treated is decided from that sample. It is numbered, and followed through to the finished job.

Do not imagine, however, that there are no problems to be solved. Rapidly expanding industry always brings its own problems.

There are problems of skilled labour, and there is an urgent need that women should be allowed to come into the factories and participate in this work.

Some men have been reluctant to agree, but to-day the problem is primarily one of making ready the necessary facilities and accommodation.

There is, on all sides, complete evidence that all are willing to make sacrifices for the common good.

Mr. Leslie Burgin, the Minister of Supply, and his staff are working night and day, for it is realised that at all costs the men at the front must be supported.

The great mass of the public, the wives and children of the front line men, can, in my view, have complete confidence that this purpose will be achieved.

OVERNIGHT
NEWS PAGEJAPANESE
CABINET
MEETING

Tokyo, Jan. 4. The first Cabinet meeting of the year was held at the official residence of the Premier this morning after the Court ceremonies marking the inauguration of the New Year.

With the exception of Mr. Ryutaro Nagai, the Minister of Communications, who is ill, all Cabinet Members attended. The Foreign Minister, Admiral Kichimasa Nomura, informed his colleagues that a temporary fisheries agreement was signed between Japan and the Soviet Union on December 31 and that negotiations for the conclusion of a formal convention on fisheries would be continued.

The Foreign Minister further announced that the Soviet Government at the end of last year practically agreed to the Japanese and Manchukuo proposals for the prevention of border disputes.

The Foreign Minister pointed out that joint commissions designed to demarcate the borders between Soviet Russia, Manchukuo, and Outer Mongolia as well as to prevent and dispose of border disputes would be appointed as the result of recent negotiations.

Count Tadamao Sakai, the Minister of Agriculture and Forestry, reported that rice markets were making steady developments since the beginning of the current season despite the previous anxiety over the crop failures owing to drought.

The Minister of Commerce and Industry, Mr. Takuo Godeo, made a report on the supply of electric power in accordance with the decisions taken at a joint conference between Government leaders and the Central Price Commission last year.

The Finance Minister explained the additional estimates for the Ministries of Communications, Railways and Overseas Affairs for the coming fiscal year.

It is understood that the Cabinet Council to-day refrained from discussing the political situation in connection with the anti-Government movement by Diet members pending further clarification of the attitude of various political parties.—Domei.

Awaiting Approval

Tokyo, Jan. 4. The new temporary fishery agreement between Japan and the Soviet Union which was formally signed at Moscow on December 31, will be approved by the Government following an extraordinary Cabinet meeting on Saturday.

The Government is taking steps to submit the matter to the Privy Council on Wednesday, when the Council meets in a formal session in the presence of the Emperor.

It is understood that the present temporary agreement has been designed along the lines of that concluded in April. It contains, however, a special clause calling for the conclusion of a formal fishery convention before the end of this year.—Domei.

Japan And France

Paris, Jan. 4. Japan's relations with the Allies and Russia and Germany were covered in a thorough discussion by M. Daladier with Mr. Renzo Savada on Tuesday, when the Japanese Ambassador is reported to have emphasised Tokyo's desire to improve relations with Britain and the United States and to have urged M. Daladier that France arrange simultaneously a Franco-Japanese diplomatic and trade rapprochement on parallel negotiations.

It is understood that M. Savada gave assurance that the Japanese Government is at present negotiating a military understanding with Russia but considers its hands free to negotiate a most satisfactory understanding with the major Powers directly interested in Pacific problems.—United Press.

Reunion Dance

A special Central British Association and Central British School reunion cabaret-supper dance will be held at the Roof Garden of the Hongkong Hotel on January 20 at 9 p.m.

This is a very special occasion and it is hoped that as many people will attend as possible. Everyone is welcome, and this dance will be open to the general public.

Table reservations can be made by telephone to the reception desk of the Hongkong Hotel, and tickets at \$3.50 double, and \$2 single, will be on sale at the hotel and also at the door that night.

PANTOMIME SOCIAL

The successful conclusion of the pantomime "All Buns" has prompted the Y.M.C.A. A.D.C. to arrange a pantomime social at the West Lounge on January 11 at 8 p.m. when all who took any part in the production will be invited.

The programme will begin with items for children, followed by refreshments and closing with a dance. The complete list of the programme is in the able hands of Messrs. Ashton and Allsopp and Mesdames Millard and Petherick. Capt. Petherick is supplying the music.

Pantomime dress will be worn and should lend added gaiety and colour to the evening's entertainment.

FOREIGN INTERVENTION IN
FINNISH-RUSSIAN CONFLICT?Nazi Press
Attacks

BERLIN, Jan. 4. (Reuter Special).—The "Roerster Zeitung" making a new attack on neutrals, asserts that since the outbreak of war Britain and France have treated the neutrals in the worst possible manner, but none of the neutrals has protested even when Britain and France at Geneva attempted to legalise the war against Germany within the framework of the League.

The newspaper concludes, "Those who endure so much from the blockade and who participate passively in the anti-German measures must know that in the present circumstances this means complicity with one of the belligerent parties."

AERIAL
ACTIVITY
RESUMED

Paris, Jan. 4. The growing aerial activity in the last two days reached its climax today in a sharp air fight between a French chase squadron and a German bomber reconnaissance group escorted by a chase patrol.

During the sharp dog-fight the French fighters broke through the German defences and brought down two of the larger German planes shortly behind the front lines.

The Germans had resumed deep observation incursions into the territory, reaching the Paris region on Monday and Tuesday.—United Press.

Flights Into Germany

Paris, Jan. 4. With improved weather on the Western Front, Allied planes in the past 24 hours made four long distance reconnaissance flights into Germany, penetrating about 250 miles.

Numerous photographic and reconnaissance flights were also made over the Siegfried Line.

German planes were also active and carried out a flight in eastern France extending almost to the Paris region.

On the ground, patrols have been operating almost on the entire front. Two German detachments, each between 50 and 100 strong, were surprised and scattered with heavy losses in the Vosges region.—Reuter.

NATIONAL
DOLLARSteady Tone Expected
For Next Two Months

Shanghai, Jan. 4. A fair period of stability is predicted for the local dollar by Finance and Commerce in an article summing up the future prospects of national currency.

Remembering that exchange rates in the past week remained steady partly owing to Hongkong selling orders and also some liquidation of the over-bought position, the periodical states the over-bought position for January amounts to 10,000,000 United States dollars. Consequently, although support may not be forthcoming from Hongkong in future to the same extent as in the recent past, it is thought that the market is unlikely to weaken substantially until this over-bought position is liquidated.

Assuming that nothing of major importance occurs to upset the ordinary procedure and the market is left to carry on normally, it would require two to three months to absorb the 10,000,000 United States dollars.

Therefore plain sailing is regarded as most likely until the end of February or beginning of March. After that period it may be hoped that export trade, following the present trend, will have revived sufficiently to maintain a fair balance between supply and demand.—Reuter.

"Incident" Investigated

Shanghai, Jan. 4. The Japanese Consulate declares that investigations are being continued with a view to clearing up the United States Consulate's protest against the alleged slapping of Miss Frances Donaldson by a Japanese sentry.

The Japanese Consulate is reported to have asked for further information from the American Consulate.—United Press.

QUADRUPLTS BORN

Young Egyptian Wife Has
Four Daughters

Cairo, Jan. 4. Ismahia Shetata, 25-year-old wife of an Egyptian banker, has given birth to quadruplets. He has already had triplets.

The quadruplets, all girls, will be named after King Farouk's sisters. Mother and children are doing well.—Reuter Special.

Possibility of German
Help to the Invaders

High Nazi officials are said to have met in Berlin during the past few days to discuss the possibility of assisting the Soviet against Finland in the face of League Members' assistance to the small country and the apparent impotence of the Russian Army to make any decisive movement.

It is also reported that an important meeting is arranged for to-morrow at which the war leaders will confer in Berlin on the possibility of a big spring offensive. It is not anticipated that this offensive will take place along the Western Front where any advance would prove very expensive, but it may involve the invasion of neutral countries, particularly Holland and Belgium, in order to obtain naval and air bases for a concerted effort against the Allies.

Berlin, Jan. 4. It is understood that Herr Hitler is convening a momentous conference of military, Party and Government leaders on Saturday.

Diplomatic circles understand the forthcoming conference will entail important developments in the stagnant war situation.

Military experts believe a decisive clash between the German and the Allied forces will be inevitable. They point out that German troops have completed preparations during the past several months and they will probably take the offensive in the spring.

The forthcoming crucial conference is understood to decide on the final plans for the allegedly contemplated German offensive.

Military observers further point out that Germany will continue to take the defensive on the Western Front, but as the foggy season will end about April or May, Germany will concentrate its activity on the sea and in the air.

Some circles believe German forces will probably carry out the anticipated invasion of Holland in an attempt to acquire bases for aircraft and submarines.—Domei.

War Against Sweden

Kaunas, Jan. 4. According to a Berlin message, it is possible that German military collaboration with Russia in the event of British and French aid to Finland through Sweden and Norway has been discussed at an important War Council.

Hitler, Goering, Himmler, Hess, von Brauchitsch and Admiral Raeder are reported to have taken part in the meetings.

It is stated that further speeding up of the four-year plan was also discussed. According to the same message, the Soviet Ambassador visited the Wilhelmstrasse several times and another prominent Soviet personality is now in Berlin.—Reuter.

Finns Attack Railway

Helsinki, Jan. 4. Despatches from Riga say that Finnish ski patrols derailed a Russian troop transport train on the Minsk railway. Many soldiers were killed and many coaches destroyed.—United Press.

Karelian Isthmus

Helsinki, Jan. 4. Reports indicate that the Red Army, now commanded by General Stern, is being brought to a strength of 800,000 men in the Karelian Isthmus.

According to reports from Leningrad the order is for a smelt through of the main defences of the Mannerheim Line regardless of cost.

The brunt of the attack is expected to be borne by Finnish defenders on the southern end of the Mannerheim Line which has been pounded for days by heavy Soviet guns.

There were several attacks at various points along the Line in the morning. All of them were repulsed with great loss.

Abo, Hangoe and Viborg were heavily bombed from the air during the day.—Reuter.

Finnish Air Force

Helsinki, Jan. 4. An Italian plane piloted by an Italian volunteer led the Finnish bombers in an air raid yesterday on the Estonian island of Oesel, which has been leased to Russia.

The Russians are believed to be using Oesel as a base for sending planes to the west coast of Finland. The raiders flew over Oesel at a height of a few hundred feet and dropped bombs which started fires. Later they returned, flying still lower, and machine-gunned the Russians who were trying to extinguish the flames. The Finns met anti-aircraft fire but returned safely.

Afterwards a reconnaissance plane went to Oesel and found considerable damage done and the fires still raging.

Finnish planes were also active over Marmala and are reported to have destroyed a big petrol dump.—Reuter Bulletin.

Foreign Aid

Washington, Jan. 4. Granting loans to Finland up to \$100,000,000 will be provided in a Bill to be introduced at the new session of Congress. These credits will be used for purchase of war supplies. Remission of debt payments also will be granted.—Reuter Bulletin.

Aid From Sweden

London, Jan. 4. Further aid to Finland is reported from Stockholm where it is stated

that 60,000 Swedish workers will work on Saturday night, which is a Swedish national holiday, and their wages will be donated towards Finland. It is expected that £35,000 will be raised.

In Copenhagen an anonymous business man is reported to have given 10 cars and heavy lorries to be sent to Finland and converted into ambulances.

Polish airmen have volunteered in the Finnish Air Force.—Reuter Bulletin.

Shanghai Donation

Shanghai, Jan. 4. The Chairman of the Friends of Finland Committee, Mr. K. A. Persen, says Shanghai contributions to the Finnish aid fund are increasing daily. Funds are also donated to the Finnish Red Cross.

The total so far is 7,083 Chinese dollars, 10 United States dollars and 224.

The total donations to the Finnish Red Cross have reached 605 Chinese dollars.—United Press.

Campaign Against T. B.
Further Advice Given
To Lung Sufferers

The second series of talks by Dr. P. Selwyn-Clarke, Director of Medical Services, in connection with the "Campaign Against Tuberculosis" was delivered over ZBW last night. Mr. Ho Kom-tong spoke over ZEK.

The final talk will be given next Thursday. Dr. Selwyn-Clarke said: "We discussed last week the assistance which the individual can give in combating Tuberculosis in Hongkong. I want to talk to you now about what I may call the practical communal measures."

If you suspect that you or a relative or friend are infected, do not give way to alarm. Take precautions. Few cases of Tuberculosis are entirely hopeless. Lately, surgical treatment has been successfully resorted to. The more usual treatment, however, is that known as "conservative." It consists principally of resting and nourishing the patient and giving his lungs a chance to heal.

Rest is very necessary. It is not always possible to leave the home, hence the need for sanatoria. From the communal viewpoint, the great value of sanatoria is that, firstly, they make it possible for infectious cases to be removed from overcrowded and insanitary tenements where they are dangerous to others becoming diseased; secondly, they enable steps to be taken to treat such patients and, in a proportion of cases, to build up their powers of resistance so that the disease becomes quiescent, thus enabling them to return to active life and work; and thirdly, they provide the means of educating sufferers in the best way of assisting nature in the curative process and in avoiding acting as a source of infection to others.

Next Best Thing

Of course, people have their living to earn and their families to look after. There must continue to be many walking cases, exhausting themselves and being a potential danger to their associates. These can help themselves and others by adopting a common-sense attitude. But it is obviously desirable to discover and isolate either in the house or, if available, in hospitals, sanatoria and village settlements, those persons who are actually carrying the germs in their bodies and scattering them every time they cough and spit. For this reason, it is in the aim of the Medical Authorities to discover, and educate, all infectious cases of tuberculosis and persuade them to isolate themselves.

The first step was taken in this connection early in 1939, when Tuberculosis was added to the list of diseases which must be notified by medical practitioners to the Health Authorities. Up to the end of September, 1939, some 6,832 notifications had been received. This figure only represents a relatively small proportion of the total number of cases, for during the same nine months 3,736 deaths from the disease were registered. It may be fairly assumed that one death indicates the existence of at least five cases. However, it would be unreasonable to suggest that because every criminal was apprehended, there was no point in

"New Anzacs"
Are Ready

WELLINGTON, Jan. 4. (Reuter Bulletin).—The Governor-General of New Zealand, Lord Galway, this morning reviewed six thousand men of the second Imperial Force, now known as the "New Anzacs." The contingent will shortly be sent for service overseas.

An enthusiastic crowd estimated at 500,000 mobbed the soldiers as they marched past singing Gracie Fields' new song, "Wish Me Luck." The troops were accompanied by no less than nine bands.

Japanese
Explanation

Shanghai, Jan. 4. A Japanese army spokesman stated to-day that following a successful counter-offensive the Japanese forces in Kwangtung are strategically withdrawing and concentrating their effective at a certain point.

At the beginning of the counter-offensive the Japanese announced the objective was not direct seizure of towns, but it was designed to wear out the Chinese fighting power, seize much Chinese equipment and inflict as many casualties as possible.

The spokesman said the Chinese are present are claiming the Japanese withdrawal as a Chinese victory. He asserted the Chinese forces are incapable of opposing the Japanese army.

The booty seized during the counter-offensive, the spokesman claimed, represents virtually the whole stocks of ammunition massed by the Chinese in South China during one year.—United Press.

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SUNDAY
QUEEN'S
TO-DAY
ALHAMBRA

PLEASE Turn To Page 9.

TRIUMPHANT DAY & ROSE ELECT HEAD STAKES WINNERS

RAINY DAYS

Super Roads

SMOOTH
WORN
TYRES
ARE
Dangerous

THE H.K.C.S.
SUPERROAD TYRE
WILL PROLONG YOUR
WORN TYRE
TRAILING THEM
NEW & LIFE FOR
RAINY DAY DRIVING

on **50 %**
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IN THE FINAL of the K.C.C. men's handicap doubles tennis tournament yesterday, E. O. Fincher and G. O. Burnett (ows 40) beat A.E.P. Guest and S. A. Gray (ows 30-3) by 8-6, 6-4.

However Ross Elect has brought in a sum of \$4,873, and with the inclusion of stakes won by Blue Express (\$1,550), English Cavalier (\$850), Rose Emily (\$2,300) and Rose Fiana (\$1,200), the stable collected a total of \$14,773. Thirty-three griffins faced the start, but also steeds could have been entered had the 25 ponies drew from the coffers of the Hongkong Jockey Club a grand amount of \$51,300, which list is made up as follows:

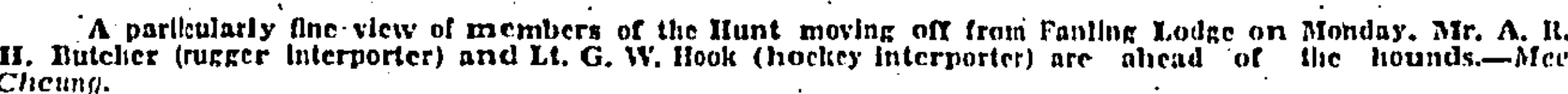
Alligator	280
Annas Bay	280
Avon	3,350
Blue Diamond	2,450
Blue Express	1,550
Conquering Time	2,650
English Cavalier	850

A noticeable feature of the stake winners was that the bulk of the money did not go to one owner's pocket, the spoils being widely distributed. In the recess, Markman was undoubtedly the best sub-griffin, but in the second half he started only once in the Subscription "Griffins" S. Leger, and he had to pass on the baton to King Kong, who was proclaimed the champion at the closing meet of the club.

However, Markman is at the head of the prize list with \$6,030, and Celtic Star (\$5,852) is in front of King Kong, the difference being \$232. Celtic Star has \$4,220 and is followed by Strathbannock with \$3,100.

*It may be of interest to know that Sports Venture holds the record of

PLEASE TURN TO Page 2.



The House of Quality & Service

Crossword Puzzle

By LARS MORRIS

ANSWER TO PREVIOUS PUZZLE

ACROSS

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2—Part of
3—Watkins place
4—Region
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You can crochet this new-style

Bedjacket

CROCHET is a pleasant change from knitting, and wool crochet can be done at a fairly good speed and without much bother.

The crochet bedjacket shown here is modelled on the newest blouse-effect lines that are becoming so popular.

It is fastened down the front with a zipper, but you could use a row of buttons and add a row of loop buttonholes to the edge of the right front if you prefer.

The Pattern

These two rows form the pattern throughout, except for the collar and sleeve edges.

1st Row.—Turn with 2 ch., * miss 3 ch., 4 tr. into the next st. Rep. from * to end, ending with miss 3 ch., 1 tr. into last st.

2nd Row.—1 d.c. into every st.

Back

Begin at lower edge with 70 ch. Work 2 extra ch. for turning, then work 2 rows in pattern as given above (17 groups).

Continue in the pattern, always making the groups of 4 tr. exactly over the centre of groups in previous row, at the same time shaping the side edges by increasing 1 tr. at each end of every alternate tr. row until the work measures 10in. from commencement, ending with a d.c. row. (21 groups, measuring 17in. across).

Shape Armhole thus:

1st Row.—Slip-st. to centre of 1st group, 2 ch., work 4 tr. in each group to the last group, 1 tr. in the last group. (1 group less at each end).

2nd Row.—1 d.c. into every st. Rep. these 2 rows twice more. (15 groups remain).

Continue in the pattern without shaping until the armhole measures 6in. on the straight from commencement of shaping, ending with a d.c. row.

To Shape Shoulders and Back of Neck

Next Row.—Slip-st. across the 1st and 2nd groups, work the following 2 groups in the usual way, work 2 tr. and 2 d.c. instead of 4 tr. into the next group, work 4 d.c. instead of 4 tr. into each of the next 2 groups.

Cut-And-Come-Again Cakes

WHEN these cakes come to table everyone in my home wants a second slice.

First, a date and fig mixture is suitable for children.

Ingredients: ½ lb. flour, ½ lb. margarine or butter, 6 oz. castor sugar, 3 eggs, 4oz. stoned and chopped dates, 4oz. chopped figs, the juice of half a lemon, a tablespoon of golden syrup, a tablespoon of milk.

Line a greased tin with parchment paper. Sieve the flour and salt together, add the chopped fruit, stir in the spices and lemon juice.

Thorough Beating

Cream butter and sugar, add eggs gradually and beat well. Stir in the warmed syrup and a little warmed milk, and add to the rest of the ingredients. Mix thoroughly.

Four into the greased tin and bake in a moderate oven for two hours. Regulo mark at 4.

Whilst the cake is still hot, brush



MATERIALS

7 ozs. of Copley's 3-ply Rayon-Wool. A No. 9 Strainoid crochet hook. A 14in. open end "Lightning" Plastic Fastener.

MEASUREMENTS

To fit a 34in. bust. Shoulder to lower edge, 16in.

ABBREVIATIONS

Ch., chain; d.c., double crochet; tr., treble; rep., repeat; in., inches; st., stitch.

TENSION

2 complete patterns measure about 1 ½ in. in width. 5 complete patterns measure 3in. in depth.

Rep. these 2 rows twice more. (8 groups.)

To Shape Shoulder

Next Row.—2 ch., 1 tr. at neck edge, 4 tr. into each of the next 2 groups, 1 d.c. into the 1st st. of next group.

Left Front

Work to match the Right Front, working all shapings at opposite edges.

Sleeves

The armhole should now be the same depth as back armhole.

The Band

Make 6 ch. Turn and work in d.c. until the band is about 10in. in length (or length required to fit arm closely).

Now commence with 2 ch. and work 16 groups into the band, arranging eight closely-spaced groups in the centre and four wider-spaced groups at each side.

Continue working in pattern without shaping until the work measures 4in. from commencement (including the band), ending with a d.c. row.

To Shape the Top

Miss one group at each end of the next tr. row, then miss one st. at each end of every following d.c. row and 2 tr. at each end of every following tr. row until the sleeve measures 6in. from commencement, including the band. Fasten off.

Collar

This is worked entirely in d.c. Make 75 ch. 1st and 2nd rows—1 d.c. into every st.

3rd row.—Increase by working 2 d.c. into the 6th st., then in every following 8th st. to the end, ending with 1 d.c. into each of the last 5 sts.

Work 2 rows without shaping, then in the next row increase by working 2 d.c. into the st. over each increasing of previous increasing row.

Rep. these last 3 rows until the collar measures 2in. from commencement. Fasten off.

To Make Up

Join the side, shoulder and sleeve seams. Insert sleeves into armholes, placing the seams to the side seams and easing any extra fullness at the top of the sleeve on either side of the shoulder seam. Sew short edge of collar to neck edge. Work a row of double crochet down fronts and round lower edge of jacket, also round edge of collar. Sew the Zip fastener into position along the front edges.



Eyebolt cotton edging the jacket and the shirring top of the ensemble shown above. The jacket sleeves are bracelet length, the gown has full sleeves, a rounded collar and pocket.

ROOM BATH
METROPOLITAN
CENTRAL CLEAN
COMFORTABLE
\$6

Here's A New Swing Step For You

THE HITLER KICK

BUT YOU MISS YOUR PARTNER

THE jitterbugs have got a new step. It is the Hitler Kick. You turn around, wriggle like an animated snake, and do a hard kick—just missing your partner, because, though it is a dance with a personal touch, you don't bear him the same ill will.

RESURRECTION WEDDING VOW

NEW YORK, Dec. 14.

"UNTIL Resurrection, we do part." This was the vow made by a girl at her wedding service to-day.

Her bridegroom was dead. She stood by his open coffin.

The girl, Ida Knapp, of Colebrook, New Hampshire, was carrying out the last wish of her fiancé, Clayton Bennett.

On the eve of their wedding Bennett was fatally hurt in a motor crash. His dying words to Ida were: "Let the wedding go through, whatever happens."

The service was performed by the Rev. James Quinby.

He made Ida repeat her "Resurrection" vow as she slipped a ring on the finger of the dead man.

On her own finger she placed a ring Bennett had bought for her only two days ago.

Took Off Clothes At "20 Below"

MOST war heroes win fame through facing shot and shell in the heat of battle.

Here is the story of a man who exposed himself for hours on end to 52 degrees of frost to succor a wounded comrade.

He is an I.C.O. observer in the Royal Air Force. His name is an official secret.

The deed was performed during one of those long-distance reconnaissance flights into the heart of Germany.

The plane flew for most of the journey at a height where the temperature was 20 degrees below zero.

While returning from its objective it was hit by anti-aircraft fire, and the air-gunner was wounded.

To reach him it was necessary to squeeze through a narrow opening inside the fuselage.

First Aid

The N.C.O. observer could do so only by discarding his parachute harness, life-saving jacket and warm outer clothing.

Having done this he found the gunner badly wounded in the hand and thigh.

He dressed the hand wound with a first-aid kit, but decided to leave the more serious thigh wound untouched, realising that loosening the wounded man's clothing would probably cause dangerous loss of blood.

Warming him with his body and encouraging him with reports of their progress the observer remained with the wounded man until they were clear of Germany.

He then returned to the front cockpit and attended to his navigational duties till his base was in sight.

Then he again crawled back to the wounded air gunner and stayed with him until they landed.

Always Freezing

Throughout the return flight from Germany the observer was without his flying clothing in a temperature always below freezing point.

During the series of daylight reconnaissance over Germany photographs have been taken of towns, harbours and military objectives at low altitudes, despite fighters and gunfire attacks.

More than 100 photographs showing enemy military objectives in considerable detail and containing information of vital importance were brought back from a single reconnaissance.

In one recent raid 10 enemy aerodromes were photographed in addition to the well-defended towns of Erdren and Hamburg.

Edna Off To Reno

EDNA BEST, the English film and stage actress, is leaving Hollywood for Reno to secure a divorce from Herbert Marshall.

Her twin sons, James and John Best, now aged 17, and her daughter, Sarah Marshall, aged 6, are with her in Hollywood.

Edna Best was married to Seymour Best, the actor, a friend of her childhood in 1920. A year later her twin sons were born.

In 1923 the marriage was dissolved. Mr. Herbert Marshall being cited as co-respondent. At the same time Mr. Marshall was divorced by his wife.

In December 1928 Mr. Marshall and Miss Best were married in New York.

It's a lively step, and you can put as much expression in it as you want. They are swinging this revised "Hitler Kick" gesture in London.

The suburbs on a Sunday night in a black-out sound as lively as the beach in a winter fog, but at Ham-mersmith life has more life than in the whole of the West End, says a Correspondent.

The half-crown hop at the Palais means a lot in the life of the young people who work five and a half days a week. At the beginning of the war they were closed down, but gradually local authorities are re-opening them, and one more fairy-light of our pre-black-out days is twinkling again.

Finding the Palais was hard enough, though the regulars need no midday sun to guide them. Once inside, they just hung their gasmasks on a hat-peg and got going.

"Come on," shouted the crooner. "Get hot, let yourselves go... forget it all."

The band didn't play any of the old war tunes—or the new ones. There is enough of that outside, and they were made for marches, not dances. Instead they swung the "Flat Foot Floogie," or lulled them along on "Deep Purple."

It was the true atmosphere of this war, the 1939 war. The girls with their short silk dresses swinging out from the hips, their long Ginger Rogers curls tapping on their shoulders, and their arms and feet flying around as if they were on elastic bands.

PIERCING

A few soldiers were there, having a night out, doing a rumba like a Spaniard, or slapping their bolts in the jam session.

Then there was a clarinet solo, as piercing as a siren. A young girl with a halo of ginger curls stepped out to do a solo wriggle, while the rest gathered round her, tapping, clapping, singing.

The organ, with its glass front, like a coloured ice, came in, ringing bells and pounding away a pop beat. The neon lights, snaking across the roof, covered the dancers with a hard metallic glow.

I watched from the balcony and felt that this was a contemporary picture of the history books, just as our parents' 1914 were photographed in high collars and tight skirts doing a fox-trot at arms' length.

Soon it will be a petrol pipe, but Sunday night in Hammersmith, the Army was going hot under its khaki as it did a steam and a high kick.

There were two touches of war for the history book. While they danced the tables behind them were piled up with gas masks and vanity cases. Only a few of the girls came in evening dress, because it is easier to walk home in a short dress and a tweed coat.

An ambulance driver took out his gas mask to show the boys, and began proudly polishing the eyepieces with a handkerchief.

No one talked politics. They just sat out, sipping lemonade, talking about the things they did last week. The soldiers, sitting out with their girls, did not disturb their few hours' leave with Army talk.

They all got up for the waltz, a faster, smarter version than the 1914 waltz, but still the same "Blue Danube" tune.

Then at ten the dance ended. And they walked home between the sand-bags.

Missed 109th Birthday By Four Days

A WOMAN who died recently was born when Queen Victoria was a girl of 11.

She was Britain's oldest woman, Mrs. Emma Coats, of North Curry, near Taunton.

Had she lived four more days she would have been 109.

In 1839, when she was born, William IV had been king for five months.

Mr. Huskisson had just been killed at the opening of the Liverpool and Manchester Railway.

In the previous year the Rocket had startled the world by steaming at 20 miles an hour, and London's first bus had run from Paddington to the Bank.

A few weeks ago the old lady went for a car ride.

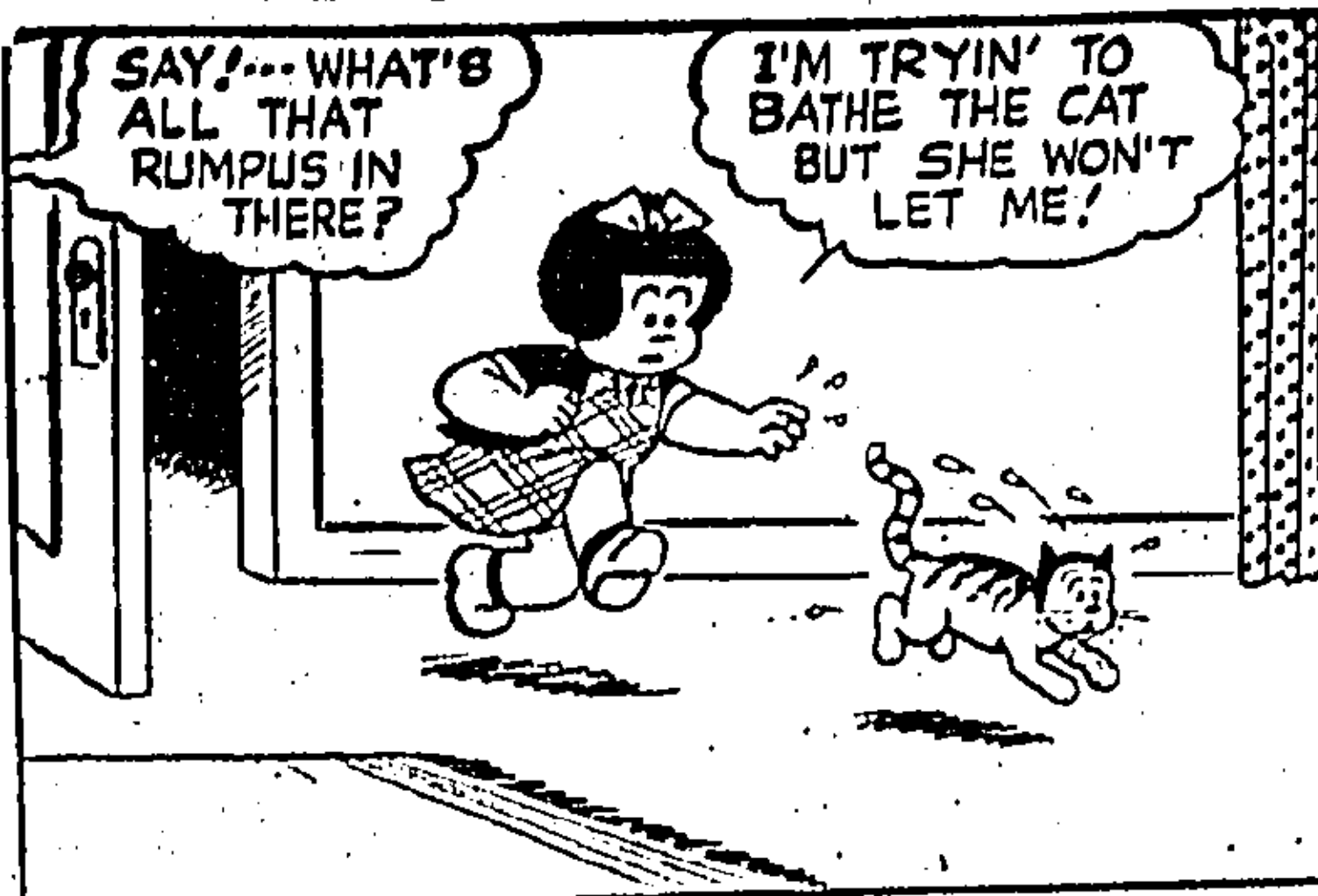
Since the war began she had continually asked for the latest news. Fear of air raids never worried her. She had no children. Her husband, a farmer, died at the age of 80 about 30 years ago.

French General Dies On Western Front

PARIS, Dec. 14.

THE first French general to be killed in the war, General of Division Raymond Pignatelli, was buried at Val-de-grace to-day.

NANCY



By Ernie Bushmiller



A scene from "Springtime Suite" which will be presented by the George Goncharoff School of Dance at the Kluge Theatre next Wednesday and Thursday.

FURTHER ADVICE GIVEN TO LUNG SUFFERERS

(Continued from Page 5.)

that the time had come when it would be profitable to train a group of medical officers in the early diagnosis of Tuberculosis so that they might be posted as Tuberculosis officers to the various Health Centres which it was desired to establish in all portions of the urban and rural areas.

Duties of Officers.

These officers would not only examine patients sent to them under suspicion, but would also be responsible for getting into touch with contacts. They would also keep a lookout for signs of early infection, so as to be in a position to advise remedial measures at a time when they might be calculated to be effective.

Such Health Centres would also act indirectly in attacking the disease by providing services for expectant mothers, new-born babies, toddlers, school children and those suffering from other so-called social diseases. Simple health talks and demonstrations, cinema and "talkies," pictorial museums and propaganda films, would also be arranged at these centres. This dream is not so far off either, for Government has given leave for certain urban and rural sites to be provisionally earmarked and has provided a taken sum in the Estimates for 1940-41 amounting to \$100,000 for clinics.

Other Government-sponsored activities which are likely to have a profound influence on the Tuberculosis question include the following:

STOCK MARKET REPORT

Hongkong Stock Exchange Official Summary issued yesterday says: Trading continues on a broad scale. The price for Doles has shown some slight recession after touching \$21 3/4. Electricities, Telephones & Wharves have also been in some demand. Hongkong Banks have come to business @ \$1,300 with further enquiries for scrip.

Buyers

Union Ins. \$430
Hotels \$5 1/2
Tinmways \$17.10
Yauwatt Ferries \$23 3/4
Electricities \$53 1/2
Telephones (Old) \$24 1/2
Ropes \$5.00
Watsons \$0.10
Entertainments \$8 1/2
Constructions (Old) \$1 1/2
Sales
H.K. Bank \$1,380
Union Ins. \$430
Wharves \$102
Docks \$21.30 1/2/80 3/4/70
Providents \$4.55
Hotels \$5 1/2
Electricities \$53 1/2
Telephones (Old) \$24 1/2
Telephones (New) \$0.10
Cements \$17 1/2

- (a) hygienic camps for upwards of 12,000 homeless persons;
- (b) Nutrition Research Committee to advise on malnutrition and economic dietaries;
- (c) Town Planning Board to devise schemes for zoning, town-planning, slum clearance, etc.

Astronomical Expenditure By Belligerents

CASH COST OF WAR NOW £20,000,000 A DAY

WASHINGTON.—Europe's war is costing the belligerents possibly £20,000,000 a day in current cash outlay alone. Additional costs in losses of property, arms, and commercial revenue cannot be computed now.

The £20,000,000 is an estimate made from the best information available here.

A Look Through The "Telegraph"

50 YEARS AGO

Jan. 5, 1890.
Victoria English Schools will re-open on Wednesday next, the 8th instant. The teaching staff in the Boys' Department has been increased by the arrival of Mr. Arthur A. Watts, C.M., of Cheltenham Training College, Miss S. E. Taylor, C.M., has been engaged to superintend the Girls' Department, which will, in future, be carried on in a separate building at 21, Eglon Street. In addition to the ordinary English subjects there will be classes for French, Latin, Chinese, Drawing and Singing.

25 YEARS AGO

Jan. 5, 1915.
The damage at Hartlepool is estimated at £100,000. Recruiting in the West Riding is particularly active.

10 YEARS AGO

Jan. 5, 1930.
The British Navy will have its full complement of nine aircraft carriers in service when H.M.S. Glorious is put into commission at Devonport on Tuesday.

The Yee Sang Fat building standing on Queen's Road Central and having frontages also to D'Almeida Street and Wyndham Street is to be demolished almost immediately, and a modern cinema theatre and block of office property erected on the site thus cleared. (This is the King's—Ed.)

5 YEARS AGO

Jan. 5, 1935.
There were "sensations" at the continued trial of Bruno Hauptmann, and the crowded court was breathless when Colonel Charles Lindbergh (identified the accused as the man to whom his intermediary, Condon, paid \$50,000 ransom money for the return of the kidnapped Lindbergh baby).

The abolition of the Sanitary Board and its replacement by an Urban Council is provided for in an Ordinance.

British Dominions and Colonies:

Canada.—A budget of £130,100,000 was voted in September, to include an additional war appropriation of £20,000,000. Defence expenditures for 1939-40, before the declaration of war, had been budgeted at £11,000,000, giving Canada a total of £30,000,000 for war.

Australia.—The current budget includes £21,038,400 for the war, but additional defence expenditures, as yet undisclosed, will be necessary. New Zealand.—The budget for 1939-40 was increased by £1,200,000 over the previous year, mainly for defence purposes. The Government also planned to borrow £12,000,000 for a public works programme, which probably could be altered to conform to defence needs. Additional expenditures for war purposes have not been disclosed here.

India and South Africa: No figures available.

France: If the French war costs were anything like the £1,000,000,000 appropriated by the British, the German figure would not seem extraordinary. The total Allied expenditures then would be £2,000,000,000 or better, against £2,500,000,000 for Germany.

A French Embassy spokesman said, however, that the British figure would be the greater of the two. A search for more detailed information brought a reply from one official that a complete blackout had fallen on French budget figures. Another said no information intelligible to Americans ever was available.

Budget proposals for 1939 included £125,585,000 for national defence under the Ministry of the Interior, more than a third of the budget total. Separate Army and Navy proposals did not appear in outlines available here. A total of £314,000,000 has been voted in war credits since hostilities started.

The two figures above give the £439,758,000 total used here, a total that seems slight for a Nation at war when American statesmen are talking of £400,000,000 for 1940 defence appropriations.

When France votes more money for 1940, its total will draw nearer the British figure, which covers three months in 1940, as well as nine in 1939.

OUR GUIDE TO THE CINEMAS

"Rulers of the Sea" (Alhambra): A tale of sailing ships versus the under ship to cross the North Atlantic under the flag of the Scots, a comedian, dominates the film with his characterisation of the bumbling old sea mechanic who (according to the story) invented the marine engine in his backyard and faced jeers and grievous disappointment on its account. A little over a hundred years ago, Douglas Fairbanks, jun., appears as the rebellious mate of a sailing ship who accompanies Will Fyffe home one night with fateful results. Director Frank Lloyd's storm scenes are magnificent.

"The Cat and the Canary" (Queen's): A Paramount re-make of the silent thriller in which Laura La Plante starred several years ago. Bob Hope makes a good job of the nervous hero whilst Paulette Goddard reveals genuine acting ability.

"Coast Guard" (Majestic): Dramatic story of lady-killer aerial coastguard "ace" who marries his friend's girl, falls to pieces when she leaves him and redeems himself by saving same friend's life. Starring Randolph Scott, Frances Dee and Ralph Bellamy.

"Girls on Probation" (Oriental): Tragic story of prison probationary system's part in saving a young girl, perils and wrongly accused, who finally assists the law against the real offender. Excellent performance by Jane Bryan in leading role.

OLD SCREENS WANTED

The Emergency First Aid Post require donations of old screens and screw-top bottles. These should be sent to the Women's Air Raid Precautions Office, Colonial Secretariat.

The Bandaging Class at the Helena May Institute will re-open on January 10 from 9.30 a.m.

GORDON'S SHOE SALE

COMMENCES

MONDAY, JANUARY 8th

THE FOOTWEAR EVENT OF THE YEAR

Build up strength to
AVOID COLDS and FEVERS

BE ON YOUR GUARD and make sure of vigorous red blood by taking Hall's Wine—the supreme tonic prepared from the formula of a well-known medical man. Hall's Wine builds up your strength, increases nervous energy and tones up the whole system—not after a lengthy course, but at once.

HALL'S WINE
—THE TONIC-BUILDER

FREE Wine Glasses. A crystal wine glass is given free with every large bottle you buy of Hall's Wine.

Agents: Gilman & Co., Ltd.

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IMPURE BLOOD is the root cause of Skin Diseases, Boils, Eczema, Rashes, Ulcers, Sores, Painful Joints, Rheumatic complaints. Unless the blood is cleansed of impurities and poisons, the arteries and internal organs are damaged, causing premature old age. The direct way to health is by purifying the blood with **CLARKES BLOOD MIXTURE**.

In LIQUID or TABLET form.

Of all Chemists and Stores. Ask for and get the new "Clarkes Blood Mixture."

CHAMPION SPARK PLUGS

Bring GREATER POWER

Worn-out spark plugs are the thief of power. Install new Champions and see the difference in speed, acceleration and power. They soon pay for themselves, too, in the fuel they save.

Champion Spark Plug Co., Toledo, O., U.S.A.

THE HONG KONG SOCIETY FOR THE PROTECTION OF CHILDREN

The Society asks for \$35,000

In 1940 to meet the increasing needs of sick and destitute children in Hong Kong. A copy of the Annual Report for 1939 may be obtained from:

Mr. A. McKELLAR, C.A.
c/o Mackinnon Mackenzie & Co.,
P. & O. Building

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BLACKOUT!
PARIS TENSE!
CHAN COMMANDEERED!
CHARLIE CHAN IN DARKNESS

SIDNEY TOLER
Lynn Bari • Richard Clarke • Harold Huber
A 20th Century-Fox Picture

Also
LEW LLOYD COMEDY
"MONKEYS in the CRAZIEST PEOPLE"
"SHEEP in the MEADOW" (Cartoon)
Sports Review "Clocking the Jockies"

TO-MORROW **ERROL FLYNN in "DODGE CITY"**
A Warner Bros. Picture IN TECHNICOLOR

QUEEN'S
DAILY AT 2.30-5.15-7.20 & 9.50 TEL. 31453

TO-DAY AND TO-MORROW

THE KILLER-DILLER
OF THRILL SHOWS!
A lovely woman in the
clutches of a murderous mon-
ster as terror stalks the night!

"The CAT and the CANARY"
A Paramount Picture starring
BOB HOPE • PAULETTE GODDARD
John Beal • Douglas Montgomery • Gale Sondergaard
Elizabeth Patterson • George Zucco • Directed by Elliott Nugent

SUNDAY
FRANK LLOYD'S
"RULERS OF THE SEA"
Douglas FAIRBANKS, Jr. • Margaret LOCKWOOD

4 SHOWS
DAILY
2.30-5.15-7.20-9.30
MAJESTIC
THEATRE
NATHAN ROAD, KOWLOON
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TO-DAY & TO-MORROW
A THRILLING DRAMA OF LOVE AND ADVENTURE!

YOUTH STEERS A COURSE TO ADVENTURE!
COAST GUARD
Randolph Fennell • Edith
SCOTT-DEE-BELLAMY-CORNOLEY
Screen play by Edward Ludwig, Albert Dally, Harry Segal

Added Attraction
LATEST UNIVERSAL WAR NEWSREEL: BOMBING OF HELSINKI
Direct after showing at the King's Theatre
COMMENCING SUNDAY
The Screen's Greatest Actress in the Year's Greatest Drama!
BETTE DAVIS in **"DARK VICTORY"**
A Warner Bros. Picture

Allied Blockade Cuts Reich from 6 of 7 Seas DANUBE BECOMES THE NAZI LIFE-LINE

LONDON, Jan. 3 (UP).—Confronted with an Allied blockade which is slowly and surely tightening, it is reported that Germany is turning increasingly towards the Danube as a means of obtaining supplies and shipping her exports.

The Allied blockade has cut Germany off from all but one of the seven seas.

The exception is the Baltic, through which Germany is reportedly obtaining so far only Russian timber and Swedish iron ore.

Two-thirds of the latter have to be shipped round Norway's Atlantic coast.

Russia ships almost all of her oil, wheat, fodder, and manganese ore exports from Black Sea ports, wherefore increased German trade with the South-east and Russia depends upon an extension of Danube shipping.

There are, however, technical difficulties in the way of unlimited expansion.

Water Too Low
Firstly, below Vienna the Danube rushes downhill with increasing force and upriver traffic is only practicable by tug convoys, secondly no vessel larger than 600 tons can pass the Iron Gate.

In summer and autumn the water is often too low even for such ships, whilst in winter the lower reaches, sometimes as far as Vienna, are wholly closed to ice.

The three German-controlled companies, Donau Dampfschiffahrts Gesellschaft, Bayerische Lloyd and Czech S. D. P., own together between 350,000 and 400,000 tons of tugs, barges and lighters. In addition there are a further 375,000 tons of similar vessels sailing under Hungarian, Rumanian, and Yugoslav flags, as well as some British, Dutch, and French river tankers.

It all were available to Germany, it is stated that only half her pre-war trade could be carried by river.

It is believed that Germany intends to transfer tugs and barges from the Rhine, where shipping is almost paralyzed, but the Rhine-Meuse-Danube canal will need at least another year's labour before transfer will be possible.

Thus concentration on the Danube as a means of evading the blockade is not expected to provide an immediate solution to Germany's dilemma, despite starting upriver traffic at Turnu Severin, above the Iron Gate, with larger Rumanian tugs plying the lower part of the river from the Black Sea coast.

King Orders Windsor Estate to Be Ploughed

LONDON, Jan. 3 (UP).—The King has given orders that more land is to be put under the plough at his Windsor farms, so that extra crops of wheat and barley may be grown.

The vegetable production at Windsor Castle is also to be considerably increased.

The royal herds of pedigree cattle will be maintained.

The King's three year old colt Cosmopolitan has been sold privately to the British Bloodstock Agency. Cosmopolitan who won a sprint handicap at Newmarket in July is by Sir Cosmo out of Papilla.

MERCY SLAYER FACED WITH ELECTRIC CHAIR

NEW YORK, Jan. 2 (UP).—Authorities indicate that there will likely be little mercy for "Mercy" slayer Lawrence Rougeau, 26.

Their investigation seemed to prove that five-year-old James Fitzpatrick, his victim and step-son, had been a normal child in all respects.

Rougeau's case represented the worst fears of authorities and social workers come true. He had read in detail of two fathers who had killed their hopelessly imbecile sons.

A person of no great intelligence, Rougeau heard his step-son murmur and moan in his sleep.

This convinced him, he told police, that the child was "going crazy like his mother," whose mind was deranged after childbirth.

He awakened Jimmy, told him they were going to play "cops and robbers," bound his hands and feet with neckties, then drowned him in the bathtub.

Gave Himself Up

Rougeau then left the tenement and surrendered to the policeman on the beat. His attitude was that he deserved sympathy if not commendation. He received neither. Charged by police with homicide, prosecuting authorities indicated he would be indicted for first degree murder which is punishable by death.

Rougeau acknowledged to authorities that he had been impressed by the melancholy roles in which the other mercy slayers had appeared. He wore, among other indications, a strong sense of vanity, an imitation of a star's sapphire of a size that would be worth perhaps several hundred thousand dollars if genuine and flawless.

He knew even the names of his two New York predecessors—Louis Greenfield, a milliner, who killed his 17 year old imbecile son, and was acquitted by a jury of manslaughter, and Louis Repouille, who chloroformed his 13 year old imbecile son, Raymond. Both these children had been imbecile and physically deficient from birth and had been certified as hopeless by competent medical authority.

Repouille was released on \$5,000 bond provided by a surety company gratis. He was greeted in his tenement flat by his wife, Florence, who is sticking by him, and their four other children.

Sir Philip Game, Commissioner of Police has, in consequence, been able to grant annual leave to nearly every member of the C.I.D.

WAR REDUCES CRIME RECORD
LONDON, Jan. 2 (UP).—War has definitely reduced the crime record in England.

Scotland Yard reports, that since September, the crime record is the lowest for 26 years.

War conditions are definitely against crime. The number of extra police and A.R.P. workers on the streets, the removal of most valuable, the difficulty in the black-out of easy escape by car—possibly also, the number of men who have enlisted either voluntarily or in the calling up, and have other interests than crime.

LATE NEWS

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Humidor of 25 \$ 8.—
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DE LUXE Box of 10 \$ 3.50
DE LUXE Box of 25 \$ 8.50
DE LUXE Box of 50 \$16.—
DE LUXE Camaron of 25 \$10.—
In GLASS TUBE—Box of 10 \$ 4.50

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THE MIGHTIEST SEA DRAMA EVER TO STORM THE SCREEN!
Paramount Presents
FRANK LLOYD'S
"RULERS OF THE SEA"
Starring
Douglas FAIRBANKS, Jr.
Margaret LOCKWOOD
Will Fyffe
George Bancroft • Montagu Love
Produced and Directed by FRANK LLOYD

SUNDAY
A Paramount Thriller
"THE CAT & THE CANARY"
PAULETTE GODDARD & BOB HOPE

DAILY AT 2.30-5.20-7.20-9.30
STAR
HANKOW ROAD KOWLOON TEL. 57795

TO-DAY ONLY

Columbia Films
present
Henry FONDA
Maureen O'SULLIVAN
in
LET US LIVE

To-morrow: "TOPPER" MGM Picture

4 SHOWS DAILY 2.30-5.15-7.15-9.30
ORIENTAL
THEATRE
2 DAYS TO-DAY • TO-MORROW

She Lies — She Steals — She Cheats —
AND SHE MIGHT BE YOUR KID SISTER!

From rich homes and poor, come hundreds of dangerous daughters. Will probation make these bad girls good or just give them another chance to be bad.

YOU'LL SEE THE ANSWER IN THIS AMAZING PICTURE!

THE SENSATION OF THE HOUR
"GIRLS ON PROBATION"
ARE THEY THE MARKED WOMEN OF TOMORROW?

SUNDAY
STARTS
"THE FOUR FEATHERS."
Alexander Korda's two million dollar spectacle.

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MATINEES—20c, 30c, 40c. EVENINGS—20c, 30c, 50c, 70c, 80c.

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The screen's most embarrassing moments in this hilarious romance of a shopgirl who adopted a doleful baby, and of the boss's son!
IT'S A REAL SENSATION!
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ROGERS • NIVEN
BACHELOR MOTHER
CHARLES COBURN • FRANK ALBERTSON • E. E. CLIVE

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EVERY MONDAY, WEDNESDAY and FRIDAY IN THIS CORNER

Featuring special announcements and news of interest to all concerned with motoring

America Will Build Eight Big Battleships As Part Of President's Great Naval Defence Plan

ROOSEVELT'S LAST BUDGET ANNOUNCED

RELIEF SLASHED TO PROVIDE FOR EMERGENCY

SPECIAL TO THE "TELEGRAPH"

WASHINGTON, Jan. 4 (UP).—PRESIDENT ROOSEVELT, IN HIS MESSAGE TO CONGRESS, HAS BUDGETTED FOR THE ADMINISTRATION'S ELEVENTH CONSECUTIVE DEFICIT, DESPITE THE FACT THAT HE HAS CUT EXPENDITURE BY \$65,000,000 AS COMPARED WITH THE CURRENT FISCAL YEAR.

The 1941 Budget introduced by the President to-day totals \$8,424,000,000 which, although lower than the 1940 estimates, is the third highest Budget in the nation's history.

COLOSSAL AMERICAN DEFENCE BUDGET \$500,000,000 For Army, Navy 8 BATTLESHIPS TO BE BUILT

SPECIAL TO THE "TELEGRAPH"

WASHINGTON, Jan. 4 (Domei).—Although expenditure in President Roosevelt's 1941 Budget is lower than that anticipated in the current fiscal year, it sets records in several respects.

Expenditure on Defence will reach the all-time record of \$2,000,000,000 (\$500,000,000).

Revenue is estimated at \$5,648,000,000 (\$1,387,000,000).

Expenditure is estimated at \$8,428,000,000 (\$2,107,000,000).

The deficit will therefore be \$2,780,000,000 (\$719,000,000)—another record.

Estimated revenue represents an increase of \$382,000,000 over the current fiscal year.

Estimated expenditure is \$875,000,000 less.

The estimates for the Navy provide \$369,000,000 (\$92,250,000) for the construction of new warships.

They will include two 45,000-ton battleships. They will be the largest.

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Relief costs have been drastically cut in order to provide new emergency defence expenditure of \$460,000,000. This is in addition to the ordinary defence expenditure.

In his message, President Roosevelt opposes taxation which will curtail consumer purchasing power.

Although not revealed, it is believed that he contemplates increases in income, estate and inheritance taxes.

The estimated deficit is \$2,976,000,000. As a result the National Debt—already a record—will be increased to \$44,938,000,000.

America's Fiscal Problems

WASHINGTON, Jan. 4 (Reuter).—In the course of his review of fiscal policy in his Budget speech, President Roosevelt pointed out that the deliberate use of government funds to encourage private enterprise has profoundly affected both government and private incomes.

The annual income in four years has risen 68 per cent.—the biggest rise for any similar period in history.

Expenditure Cuts

The Works Progress Administration will be enabled to provide employment for an average of 135,000 people.

The Farm Security Administration will operate on about 80 per cent. of last year's level.

Relief expenditure will be closely geared to actual needs, but if the present hopes are disappointed, revised estimates might be substituted later in the session.

Replying to the criticism of the public debt, President Roosevelt pointed out that there are durable and tangible assets constructed or purchased by the Government, though these are never yet listed.

Expenditure estimates include nearly \$100,000,000 in the construction of merchant shipping.

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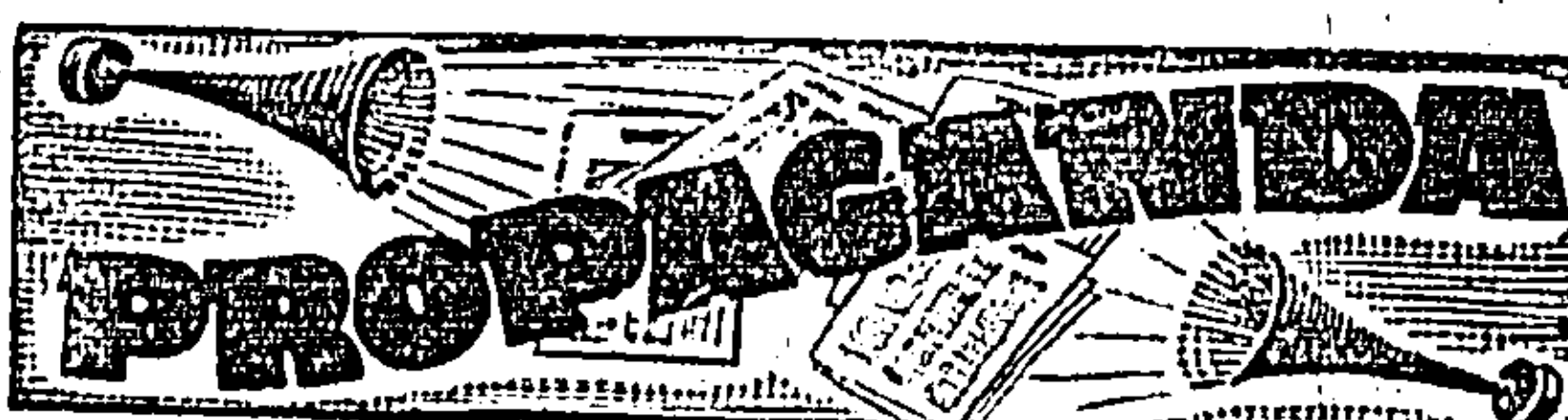
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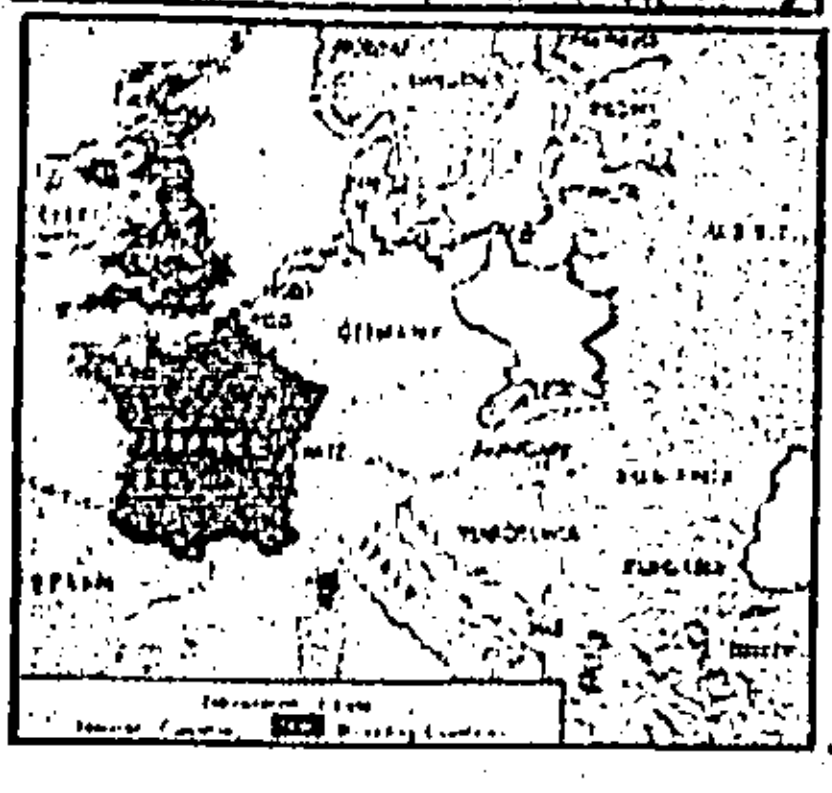


THESE propaganda maps, posted in Holland (the stamp and postmark are shown above), are being received now by many people.

The first, marked 1911, shows the "encirclement" necessary to make Britain's blockade successful in the last war.

Below is one marked 1939 in which the Germans attempt to show how "encirclement" has failed and how the blockade must also fail.

It takes no account, however, of the vital fact that present-day Nazi Germany has no gold or foreign currency with which to pay for imports necessary to carry on the war or that the countries on her frontier cannot supply many of the raw materials she needs.



ADRESSEER VOLLE

WAR IN CHINA

PEACE IN OFFING?

London Has Wave Of Optimism

LONDON, Jan. 4 (Reuter).—Hopes that serious efforts may shortly be made towards securing some settlement in the Sino-Japanese war were responsible for the sharp upward movement of Chinese bonds to-day.

It is realised that the potential recovery capacity of China in such an event must be large, especially as the latest returns of Customs revenues issued by the Chinese Embassy indicate a relatively small real decline in China's receipts for 1939 as compared with last year.

Many financial quarters, who were prepared for a much greater decline, are now wondering whether, if China can secure such a large Customs revenue with many of her legitimate trade outlets closed, she might not provide a spectacular commercial recovery were the normal trading conditions restored.

Full Court Sustains C. J.

Japanese Appeal Dismissed

Judgment was delivered in the Appeal Court this morning by Mr. Justice R. E. Lindell and Mr. Justice J. A. Fraser, dismissing the appeal against the order made by the Chief Justice, Sir Atholl McGregor, directing the winding up of the China Navigation Company.

The appellants were the Dai Nippon Kaisha and others, who were represented by Messrs. H. G. Sheldon K.C. and Leo d'Almeida e Castro, Jr. Instructed by Mr. H. J. Armstrong, of Deacons. The respondents were the China Merchants Steam Navigation Company for whom Messrs. Eldon Rother K.C. and H. C. Macdonald appeared instructed by Mr. D. L. Sirellet.

Two lengthy judgments were delivered by their Lordships dismissing the appeal.

GRAF SPEE MEN TRY TO ESCAPE

MONTEVIDEO, Jan. 4 (Reuter).—Five members of the Graf Spee crew made a daring attempt to escape internment to-day.

They secured a motor launch and started for Buenos Aires.

The motor launch developed engine trouble, however, and the men were overtaken and brought back.

WHY HITLER DAREN'T BOMB BRITAIN

WE CAN CRUSH HIS ARMADA

SPECIAL TO THE "TELEGRAPH"

LONDON, Jan. 4.—Britain now has enough fighter planes on the Home Front to overwhelm the biggest mass formation of bombers that Germany could send against her.

That is why Hitler has not dared to bomb Britain. Our Air Force, it is now revealed, can always keep more than 2,800 planes flying—at home, alone—however many may be lost in fighting.

At least 800 of these first-line planes are high-speed fighters, ready to defend you.

These figures do not include the squadrons sent to France at the outbreak of war, the reserves available for the Western Front and the Home Front, the large numbers of new aircraft with the Fleet Air Arm and at overseas garrisons, or training machines.

When Germany revealed in 1934 that she intended to build a new air fleet of 1,000 first-line machines with adequate reserves, and that hundreds of the planes were then ready, it was decided that we should build a first-line strength at home of 1,500 aircraft.

Order For 1,000 Fighters

This was later increased to 1,700, and then to over 2,000, to be completed by the Spring of the present year.

Since every Squadron of the R.A.F. has a 99 per cent. reserve with it, for rapid replacement of casualties, the real strength of the R.A.F. is 1,900.

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PLEASE Turn To Page 2.

Poles are Ready

LONDON, Jan. 4 (Reuter).—Substantial Polish forces will be ready to fight beside the Allies at the beginning of spring, declared the Polish Ambassador at a luncheon to-day.

He protested against the German allegations of Polish atrocities and said that the Nazis, not content with destroying the Poles at home, are now trying to destroy their good name abroad.

The Nazis are making every effort to kill the spirit of the Poles, particularly by means of concentration camps.

The whole of the population of Western Poland are being driven from home, and to-day there is not a single Pole in the once-thriving Polish port of Gdynia.

Big Red Air Raid

LONDON, Jan. 4 (Reuter).—Reports from both Copenhagen and Stockholm state that the Soviets staged one of their most ambitious air raids on Wednesday on the town of Tornaa, at the head of the Gulf of Bothnia.

Twenty planes are said to have bombed the outskirts of the town. Two were shot down.

The railway bridge a few miles east of Tornaa is said to have been damaged. If this is so, the Finns will be deprived of a valuable means of supply from Sweden.

Mystery Air Bases

This raid raises the question as to where the Soviet planes came from. The nearest large Soviet town is Murmansk, and the outward and homeward journey from Murmansk is 680 miles. From Leningrad the round-trip would be one of nearly 1,000 miles.

It is possible, however, that the Soviets have established temporary air bases on the frozen lakes near their lines on the central front.

The Soviets also bombed Oulu (Uleaborg), an important railway town on the Gulf of Bothnia, some 60 to 70 miles south of Tornaa.

These raids are believed to be part of the new Soviet plan to attack railways and harbours in order to hinder foreign assistance to Finland.

Finns Retaliate

LONDON, Jan. 4 (Reuter).—There was aerial activity by both the Finns and Soviets to-day.

The Helsinki correspondent of a Swedish paper reports that Finnish planes flew over Leningrad on Wednesday and dropped leaflets containing the speech of the Finnish Foreign Minister to M. Molotov.

Other leaflet planes flew over the Soviet Lines in the Karelian Isthmus and dropped pamphlets telling of the good treatment the Finns gave their prisoners.

The leaflets include photographs showing the prisoners wearing warm clothes. These also showed Russian prisoners.

PLEASE Turn To Page 2.

LATEST

See Back Page For Further Late News

Merciless Criticism of Russian Leaders

LONDON, Jan. 4 (Reuter).—Praise for the magnificent fighting qualities displayed by Finnish soldiers is given in a leading article in the "Times" to-day.

There are a number of contributing factors on the Soviet side which have materially assisted the Finns, the paper goes on.

Stalin's Incompetence

Stalin, in the first place, is militarily incompetent and has miscalculated.

The Russians living close to Finland would obviously be more able to endure the weather conditions prevailing there than those from other parts of Soviet Russia.

But they suffered from the usual difficulty that Russian soldiers do not like to attack their neighbours, hence troops from other parts of the country had to be used.

Serious Mistake

Then again Stalin, for political reasons, has destroyed a large number of his best professional officers.

And finally, Russian soldiers who have been raised in belief in God and their country have now been shorn of those ideals.

Field-Marshal Hermann Goering, Dr. Joseph Goebbels and Herr Joachim von Ribbentrop are mentioned as the possible German representatives.

Civil Service Want Wage Increases

Sir John Simon Sees Inflation Threat

LONDON, Jan. 4 (Reuter).—Automatic raising of wages to meet the rise in the cost of living would involve a grave danger of inflation, Sir John Simon, Chancellor of the Exchequer, to-day told a deputation representing the Civil Service.

The deputation drew attention to the number of wage and salary increases by industrial concerns to meet the increased cost of living, and urged the establishment of a committee to elaborate a scheme of compensation for the Civil Service.

Financial Strain Emphasized

The Chancellor re-affirmed the Government policy of reviewing Civil Service pay in the light of substantial changes in the level of remuneration elsewhere, but referred to the enormous financial strain in consequence of the war, and to the grave danger of inflation if wages were automatically adjusted to prices.

While it would be difficult to keep Civil Service wages at the present level if prices continued to rise, the Government was doing everything in its power to prevent unnecessary rises in the cost of living.

The delegation will visit the Kremlin with the Japanese Ambassador to Moscow to-morrow for conversation with M. Molotov, the Soviet Foreign Commissar.

Russo-Japanese Trade Talks

MOSCOW, Jan. 4 (Reuter).—Five members of the Japanese trade delegation have arrived here from Tokyo and were welcomed by a large number of Soviet officials, including the Deputy Commissar of Foreign Trade.

Talks are scheduled to start on Sunday.

The delegation will visit the Kremlin with the Japanese Ambassador to Moscow to-morrow for conversation with M. Molotov, the Soviet Foreign Commissar.

U.S. Neutrality Believed to be Weakened

NAZIS SEE THREAT IN ROOSEVELT'S SPEECH

AMSTERDAM, Jan. 4 (Reuter).—President Roosevelt's speech is regarded from beginning to end as an attack on Germany, according to German political circles quoted by the Berlin correspondent of the "Telegraph."

It is considered that President Roosevelt has weakened America's attitude of neutrality.

This opinion is further strengthened by the report that the U.S. Secretary of the Navy, Mr. Charles Edison, has proposed placing certain industries under the direct control of the State.

It is recalled that American authorities obtained the same powers in 1917, a month or two before America entered the war, and although it is too much to claim that this step is an indication of American intention to participate in the war, there is less confidence in the continuance of America's neutrality in all circumstances.

French Reactions To Speech

PARIS, Jan. 4 (Reuter).—That the Allied cause will have a moral victory before a material one is the opinion of French political circles.

It is reported in Paris that something is being plotted in Germany, but whether it is a new peace offensive, with a view to a change of government, or a military offensive against Holland and Belgium is not yet known.

NAZIS PRAISE (YOU'D NEVER GUESS WHOM) MR. CHURCHILL

THOUSANDS of people in Germany have bought a new version of T. E. Lawrence's "Revolt in the Desert."

It has just been published by Paul List in Leipzig.

On the paper wrapper they have read an advertisement for another new book, which says:

"In this excellent work Churchill reveals himself as a spirited and daring adventurer, but also as a sincere and open character. He is irresistibly attracted by a fight and bursting to perform deeds of heroism."

"Churchill is a born story writer, commanding a richness and vivid use of language seldom met with, full of wit and humor, always thrilling and fascinating, but nevertheless full of deep moral seriousness."

The tribute is the advance notice of a translation of one of Mr. Churchill's books, obviously planned just before the outbreak of war.

But the Nazi censors missed it. [Note: In German newspapers recently Mr. Churchill has been described as "an immoral being," "a Machiavellian mind," and "a deadly enemy."]

CLASSIFIED ADVERTISEMENTS

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for 3 days prepaid

TUITION GIVEN.

MODERN BALLROOM DANCING.
Expert-rapid tuition. Pupils "dance in 5 hours." Tango—a specialty. Apply to-day—Tony's Dance Studio, 6th floor, China Building, Phone 30933.

POSITIONS WANTED.

EXPERT seeks position. Any capacity especially imports, shipping, knowledge of English, Chinese, accounts, correspondence, typewriting, Office routine, good references. Security furnished if required. Box 500, "Hongkong Telegraph."

FOR SALE.

"HONGKONG AS REVEALED BY THE CAMERA." Second Edition. Over 60 excellent views of the Colony. Price \$1.50. Obtainable at Kelly & Walsh, Ltd., Hongkong Travel Bureau or from the Publishers, South China Morning Post, Ltd., Wyndham Street.

MOTOR CARS, ETC.

1938 MORRIS "8" four door saloon fixed head. Excellent condition. One owner. \$2,000. Box 563, "Hongkong Telegraph."

SING'S Motor Driving Tuition. Hongkong-Kowloon, by experienced instructors from England. Intensive courses from \$30. Reliable cars for hire. Phone 57122, 523, Nathan Road, Kowloon.

1937 STUDEBAKER Coupe, 25 h.p., 20 miles per gallon. Only done 9,500 miles. Excellent condition. Licensed to July 1940. Price \$1,800. Will consider good offer. Box 507, "Hongkong Telegraph."

TO LET.

TO LET. Comfortable nicely furnished room in Kowloon, good locality five minutes from Ferry. Board, laundry if desired. Box 564, "Hongkong Telegraph."

Under the Distinguished Patronage of
H. E. The Governor Sir Geoffrey A. S. Northcote, K.C.M.G.

AGRICULTURAL SHOW

(Under the auspices of The New Territories Agricultural Association) to be held at Fanling (near the Fanling Railway Station) on Saturday and Sunday, January 6th and 7th, 1940.
H. E. The Governor has graciously consented to open the Show at 2.30 p.m. on January 6th 1940.
Prizes will be distributed by J. Barrow, Esq., District Officer, Northern District at 2.30 p.m. on January 7th 1940.
Concession rates kindly granted by the Kowloon-Canton Railway for visitors to the Show on the 10 a.m., 12 noon and 1.30 trains from Kowloon, and any train from Fanling after 1.00 p.m. on both days.

Children in parties
Class. Adults of 25 or more
1st. (Return) \$2.10 \$1.10
2nd. (Return) \$1.40 .70
3rd. (Return) .70 .40
Tickets can be purchased either at Kowloon or Yau Ma Tei Station and are available for date of issue only.
There will be a stall for the sale of vegetables grown by refugees under expert guidance, particularly in the matter of sanitation.
Admission: FREE.

1940

EDITION OF THE HONGKONG DIRECTORY DIARY and BLOTTER NOW READY

This very useful combination of Directory, Diary and Desk Blotter, contains a large variety of local information: List of Government and Department Officials; Firms and Employees; Foreign Residents; Time Tables, etc., etc. — A handsome and durable requirement, strongly bound in cloth and excellently printed, it is a useful adjunct to the desk in Home or Office, and will be found of great use in business and social affairs.

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**COUNT THE
"TELEGRAPHS"
EVERYWHERE**

NEW ADVERTISEMENTS.

C.  R.

PARTICULARS & CONDITIONS
of the Sale by Public Auction to be held on Monday, the 8th day of January, 1940, at 3 p.m., at the Offices of the Public Works Department, by Order of His Excellency the Governor of one lot of Crown Land at Cheung Shu Wan, in the Colony of Hong Kong, for a term of 75 years, commencing from 1st July, 1898, with the option of renewal at a Crown Rent to be fixed by the Surveyor of His Majesty the KING, for one further term of 24 years less the three days thereof.

Intending bidders are advised that immediately after the disposal of the lot the Purchaser (if not the applicant) will be required to deposit with an authorised officer who will be present at the sale, the sum of two hundred dollars, (\$200) in cash. This sum will be refunded on payment of the Purchase price.

PARTICULARS OF THE LOT.

No. of Sale	Registry No.	Locality	Boundary Measurements	Contents in sq. feet.	Ann. Rent.	Upset Price
1	New Kowloon Island Lot No. 2681	at Fanling	N. S. E. W. feet feet feet feet	As per sale plan.	Ann. Rent \$52	Upset Price \$5,720

C.  R.

PARTICULARS & CONDITIONS
of the Sale by Public Auction to be held on Monday, the 8th day of January, 1940, at 3 p.m., at the Offices of the Public Works Department, by Order of His Excellency the Governor of one lot of Crown Land at Ma Tau Kok, in the Colony of Hong Kong, for a term of 75 years, with the option of renewal at a Crown Rent to be fixed by the Surveyor of His Majesty the KING for one further term of 75 years.

Intending bidders are advised that immediately after the disposal of the lot the Purchaser (if not the applicant) will be required to deposit with an authorised officer who will be present at the sale, the sum of two hundred dollars, (\$200) in cash. This sum will be refunded on payment of the Purchase price.

PARTICULARS OF THE LOT.

No. of Sale	Registry No.	Locality	Boundary Measurements	Contents in sq. feet.	Ann. Rent.	Upset Price
2	New Kowloon Island Lot No. 2682	at Fanling	N. S. E. W. feet feet feet feet	As per sale plan.	Ann. Rent \$50	Upset Price \$5,000

HELM BROTHERS LIMITED YOKOHAMA

The Undersigned are authorised to give notice that as at 13th September, 1939, James T. Helm and William C. Helm resigned from the Board of the above Company.
for HELM BROTHERS LIMITED
LINSTEAD & DAVIS.

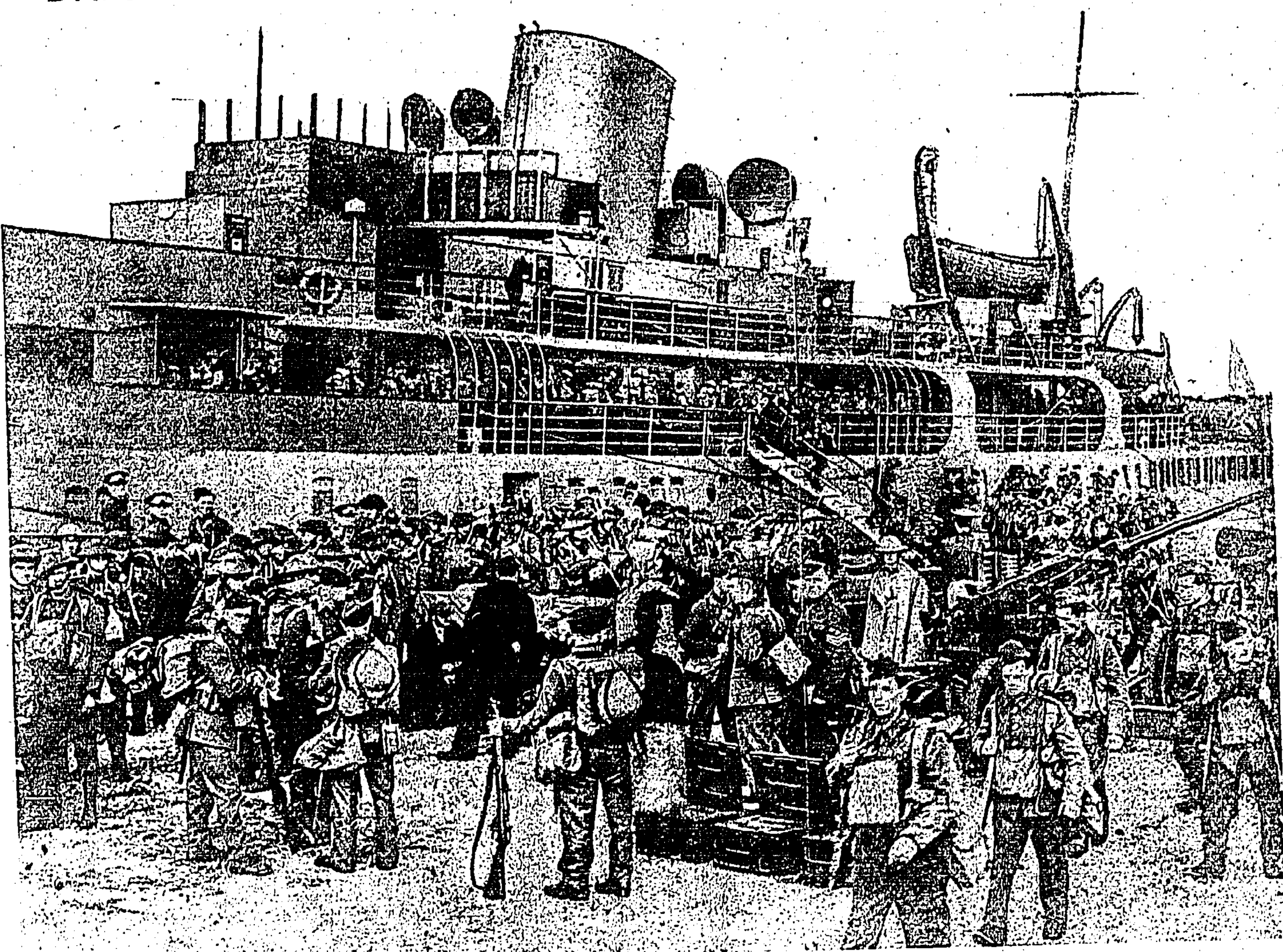
Little Action On Western Front

PARIS, Jan. 4 (Reuters).—To-day's communiqué states that there was no important incident during the day. There were some encounters of patrols in the region west of the Sarre.

P. I. Restrictions Removed

Cabin class passengers embarking at Hongkong for ports in the Philippine Islands are no longer required to furnish themselves with cholera immunization certificates. The provisions regarding immunization and stool examination remain in force for steerage type passengers regardless of the class of transportation occupied.

BRITISH TROOPS DISEMBARKING IN FRANCE



ON ACTIVE SERVICE—An official photograph taken while British troops were disembarking at a French port.

COLOSSAL AMERICAN DEFENCE BUDGET

—FROM PAGE ONE

rest and most powerful in the world.

48 Ships To Be Built

Six other battleships, two aircraft carriers, six light cruisers, 14 submarines, 30 destroyers, two flotilla leaders, one mine-sweeper, one repair ship, one submarine depot ship, six seaplane tenders, one mine-layer, four submarine destroyers and eight torpedo-boats are included in the estimates.

Old Ships Made New

In addition, the estimates provide for the re-conditioning and re-equipping of two battleships, an aircraft carrier, two cruisers, eight destroyers, six submarines, a submarine depot ship, three seaplane tenders, a mine-sweeper and five over-age battleships and three over-age submarines.

Among the warships to be re-conditioned are the U.S.S. Lexington and U.S.S. Saratoga, America's two biggest aircraft carriers.

\$95,000,000 Increase

The ordinary Defence appropriations requested by President Roosevelt amount to \$1,539,000,000 (£384,750,000).

Coupled with various other appropriations connected with military enterprises, the total is brought up to \$2,350,000,000 (£584,000,000), which is an increase of \$812,000,000 (£195,500,000) over the current expenditure.

In addition to the construction of 80 new warships, President Roosevelt reeks the expenditure of \$50,000,000 (£12,500,000) for the construction of an air base at Alameda, the terminus of the existing trans-Pacific air line to Hongkong, the building of a new dry-dock at San Francisco and preliminary work on the construction of a naval base at Fanny Island.

The Maritime Affairs Commission will absorb \$140,000,000 (£37,250,000) of the Budget.

Ordinary expenditure on the U.S. Army will total \$956,000,000 (£239,000,000).

ROOSEVELT'S LAST BUDGET ANNOUNCED

—FROM PAGE ONE

One of the largest army construction items is \$1,204,000 for barracks in Hawaii.

Bigger Income Tax?

The President did not tell Congress how to raise the proposed new defence taxes, but suggested that they should follow the principle of taxing according to the ability to pay and avoid taxes which decrease the consumer's buying power.

It is generally believed that this rules out the excise taxes and suggests the possibility of higher income taxes.

Exchange At A Glance

SELLING

T.T. London	1/27 1/2
Demand do.	1/27 1/2
T.T. Shanghai	305
T.T. Singapore	52 1/2
T.T. Japan	103
T.T. India	82 1/2
T.T. U.S.A.	24 1/2
T.T. Manila	48 1/2
T.T. Batavia	45 1/2
T.T. Bangkok	149 1/2
T.T. Saigon	108 1/2
T.T. France	10 1/2
T.T. Switzerland	107
T.T. Australia	1/6 1/2

BUYING

4 m/s L/C London	1/37 1/2
4 m/s D/P do.	1/31 1/2
4 m/s L/C U.S.A.	25 1/2
4 m/s India	11 1/2
30 d/s India	84 1/2
U.S. Cross rate in London	4.02
U.S. Cross rate in N.Y.	3.95 1/2

LETTERS

"Time"

To the Editor,

The "Hongkong Telegraph."

Sir,—Your esteemed contributor in his interesting article on "Time" has overlooked some important factors on the subject. For instance, he mentions the likelihood of a timepiece, or yearly, but on a day in the future. Again, taking Time by any kind of measurement, say by the year, day, or the tick-tock of a timepiece, there is no such thing as "The Present Time", because it does not exist except as an expression of the human mind or brain, denoting an infinitesimal or imaginary dividing line between the Past and the Future, both of which do exist because they are the Two Halves of Eternity; also because a good memory can, to a certain extent, resurrect the Past, and a good anticipation may be able to foretell the Future to some extent.

To answer the question re New Year—of course there is, seeing that our 1940 represents the latest of the laps that our Earth has just commenced on its course around the Sun from the starting and finishing point which we are pleased to call New Year's Day, after having made—can't say how many, but—a good few laps, and let us hope for many more and better ones if possible.

I have been writing of Time in reference only to this world, and not the next or any other, though I expect that the Man in the Moon, or the Man from Mars may be of quite a different opinion, so I do not wish to force it home by "peaceable persuasion" or any other high pressure.

W. C. BLACKETT.

1939 Racing Performances

(By "Capt. Foster")

(Continued from Page 6.)

starting 22 times including five excursion trips to Meaco, and the pony made \$1,000 to provide for his day and corn.

I enumerate below a list of the starters during the year and also with the amount of stakes won, some being without a cent.

Alpha	—
Argon	—
Ascot Vale	900
Avalon	—
Battleship	150
Black Diamond	—
Blaisdon	50
Bogey	1,200
Bressay	—
Callentilo	5,852
Celtic Star	700
Charcoal	2,050
Chatterbox	—
Cyclone	—
Devon Dimping	—
Dow Jones	150
Fairchild	—
Fan Tan	150
February Fourth	1,250
Gallant Marshal	600
Gauche	—
Geordie	900
Gold Tower	—
Green Bay	900
Guinness Time	2,650
Heddon	700
High Tower	5,800
King Kong	250
King's Envoy	1,700
Kut Cheung	—
Lambeth Bridge	850
Magog	6,650
Markman	1,250
Matador	—
Mayfair Court	—
Mercury	1,000
Midnight Star	4,225
Ring Master	911
National Honour	—
National Justice	775
National Liberty	975
National Service	—
New Bedford	—
Old Fashioned	125
Ornate Boven	2,372
Pail Mall	275
Patriotic Day	—
Pavnee	1,800
Phoenix	1,700
Portrush	1,200
Radiant Star	400
Rose Day	425
Rostrevor	—
Sea Captain	—
Sea Horse	400
Silver Star	750
Shilling Time	1,100
Snowstorm	1,700
Some Hope	—
Sports Venture	1,000
Sports Venture	1,200
Starling	3,100
Strathmore	1,223
Talkative	400
Thanksgiving Day	—

BIG RED AIR RAID

—FROM PAGE ONE

planes which had been shot down, captured Russian tanks and other war material.

How Reds Were Routed
HELSINGFORS, Jan. 4 (Reuters).—More details of how the Finns routed the Soviets at Suomussalmi a few days ago became available to-day.

The Finns had no artillery available and so operated in small groups. They first destroyed the field kitchens, then the supplies and then the convoys, eventually the almost starving Soviet troops.

The Finns have now turned a large number of captured Soviet tanks to good use. The tanks are half-sunk into the ground and make excellent pill-boxes.

Big Battle Raging

STOCKHOLM, Jan. 4 (Reuters).—Reports from Rovaniemi, the headquarters of the Finnish Northern Army, say that the second battle to be fought on the Salla front within a week is now raging fiercely to the north of Salla.

On Finland's eastern frontier, it is rumoured that the Russians are having a bad time, and that already they have been thrust back across the frontier.

Ski-Sledges For Wounded

OSLO, Jan. 4 (Reuters).—Finland has ordered 300 ski-sledges here to transport wounded.

Norway is presenting Finland with a further 200 ski-sledges.

Thirty doctors and numerous nurses have answered the Finnish appeal for medical assistance.

Russians Repulsed

HELSINGFORS, Jan. 4 (UP).—The official Finnish communiqué states that all Russian attacks and attempts to recapture strategic sites have been repulsed.

It claimed that the Finns have captured Alttiojoki. Fighting continues east of Suomussalmi and around Salla, 189 Russians being taken prisoner in the mopping up operations at Suomussalmi.

Russian planes bombed Hangö this morning and afternoon, forty to fifty thermite and incendiary bombs being dropped with slight damage. It is also claimed that Finnish patrols off Fort Koivisto captured a Russian tugboat which was sunk after capture.

The Buccaneer	250
The Grey Tiger	175
The Mermaid	250
The Spirit of St. Louis	1,600
Tiger Eyes	200
Tiny Tim	1,300
Torridge	—
Total Loss	—
True Love	1,000
Welcome	1,250
West Lake	2,250
Wild Bear	1,225
Willingly	1,000
	671,760

POST OFFICE

INWARD MAILS

Canton	Jan. 5
Calcutta at 1 Straits	Jan. 5
Formosa and Swatow	Jan. 5
Japan	Jan. 5
Shanghai	Jan. 5
U. S. A. Honolulu, Japan and Shanghai (San Francisco date, 18th December 1939).	Jan. 5
Canton	Jan. 6
Japan and Shanghai	Jan. 6
Manila	Jan. 6
Rabaul and Manila	Jan. 6
Shanghai	Jan. 6
Shanghai and Swatow	Jan. 6
Straits and Saigon	Jan. 6
Europe via Suez and Straits (London Date, 18th November)	Jan. 7
Haiphong	Jan. 7
Saigon	Jan. 7
Air Mail by "Imperial Airways Direct"	Jan. 7

OUTWARD MAILS

Friday, Jan. 5	
Haliphong	3.30 p.m.
Shanghai and Japan	3.30 p.m.
Straits	3.30 p.m.
Manila	7.00 p.m.
Saturday, Jan. 6	
Saigon	10.30 a.m.
Haliphong	1 p.m.
Air Mail by "Imperial Airways Direct Service"—due London, 14th January	
G.P.O. and K.P.O.	
Rice	Jan. 6, 5.00 p.m.
Ord.	Jan. 7, 5.30 p.m.
Sunday, Jan. 7	
Fort Bayard and Holow	9.00 a.m.
Parcels only for Shanghai	9 a.m.
Shanghai and Japan	9 a.m.
Monday, Jan. 8	
Canton	7.15 a.m.
Tourne and Saigon	9.30 a.m.
Bangkok	10.30 a.m.
Haiphong	1.00 p.m.
Shanghai and Parcels only for Tien-	

WE CAN CRUSH HIS ARMADA

—FROM PAGE ONE

Home Defence force is at least 3,000 warplanes.

Behind them is a vast stored and secret reserve, figures of which cannot be revealed.

Lord Nuffield's new factory, now in full production, has an order for 1,000 Spitfire fighters alone, which will swell the total of defending aircraft in 1940.

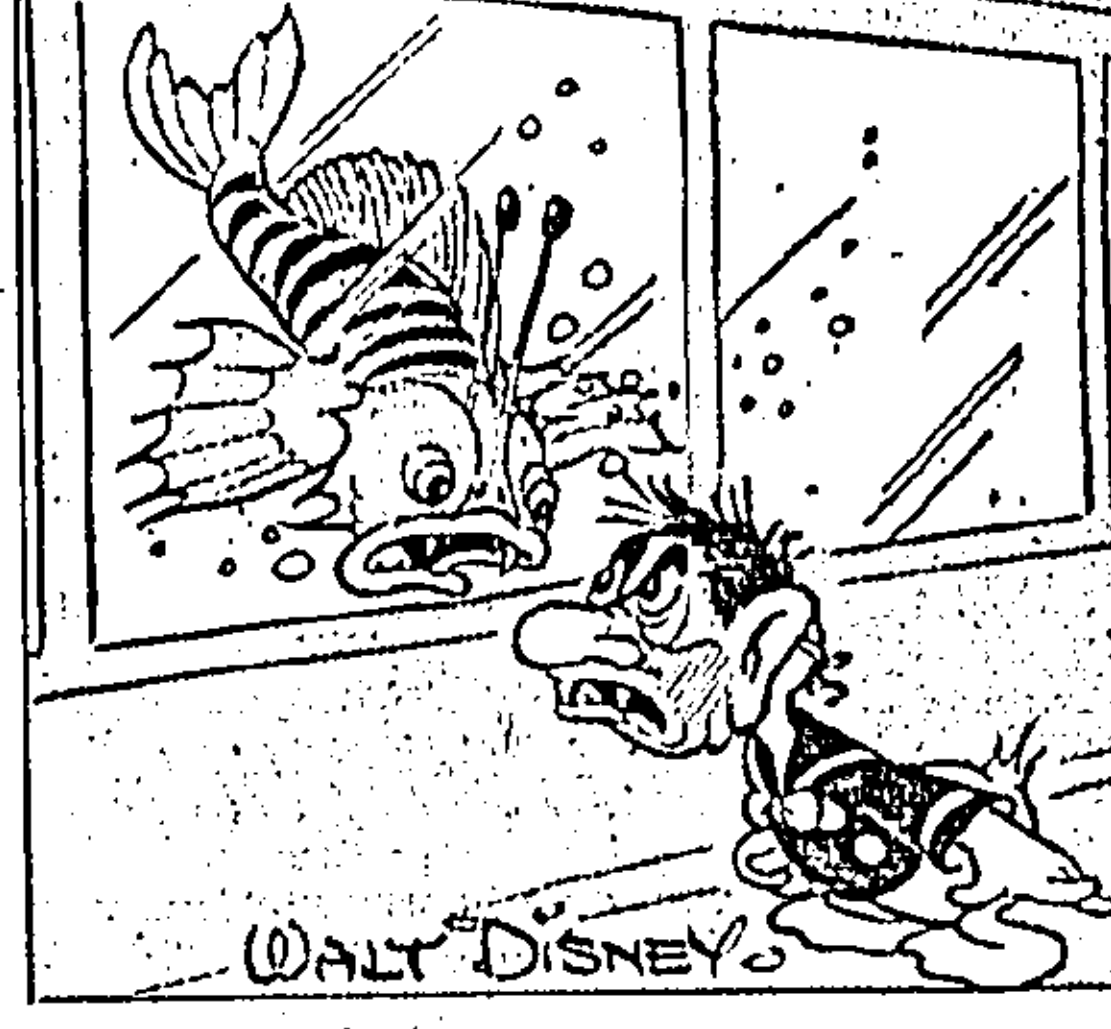
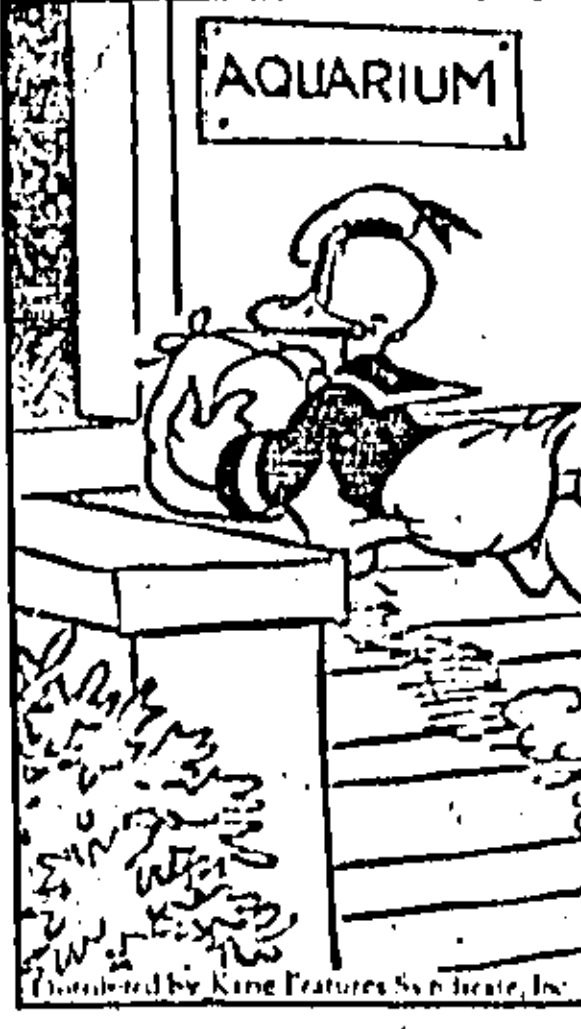
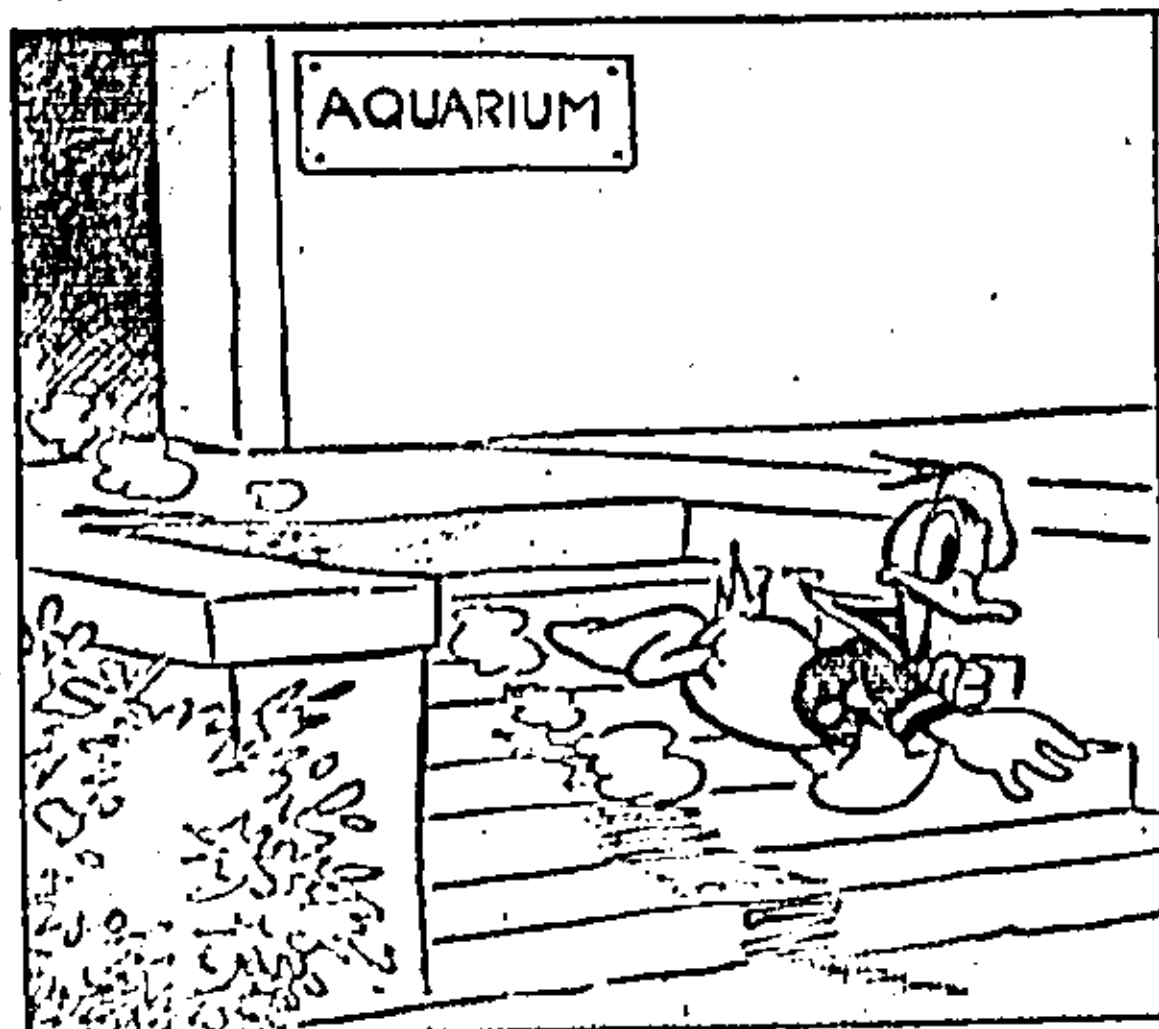
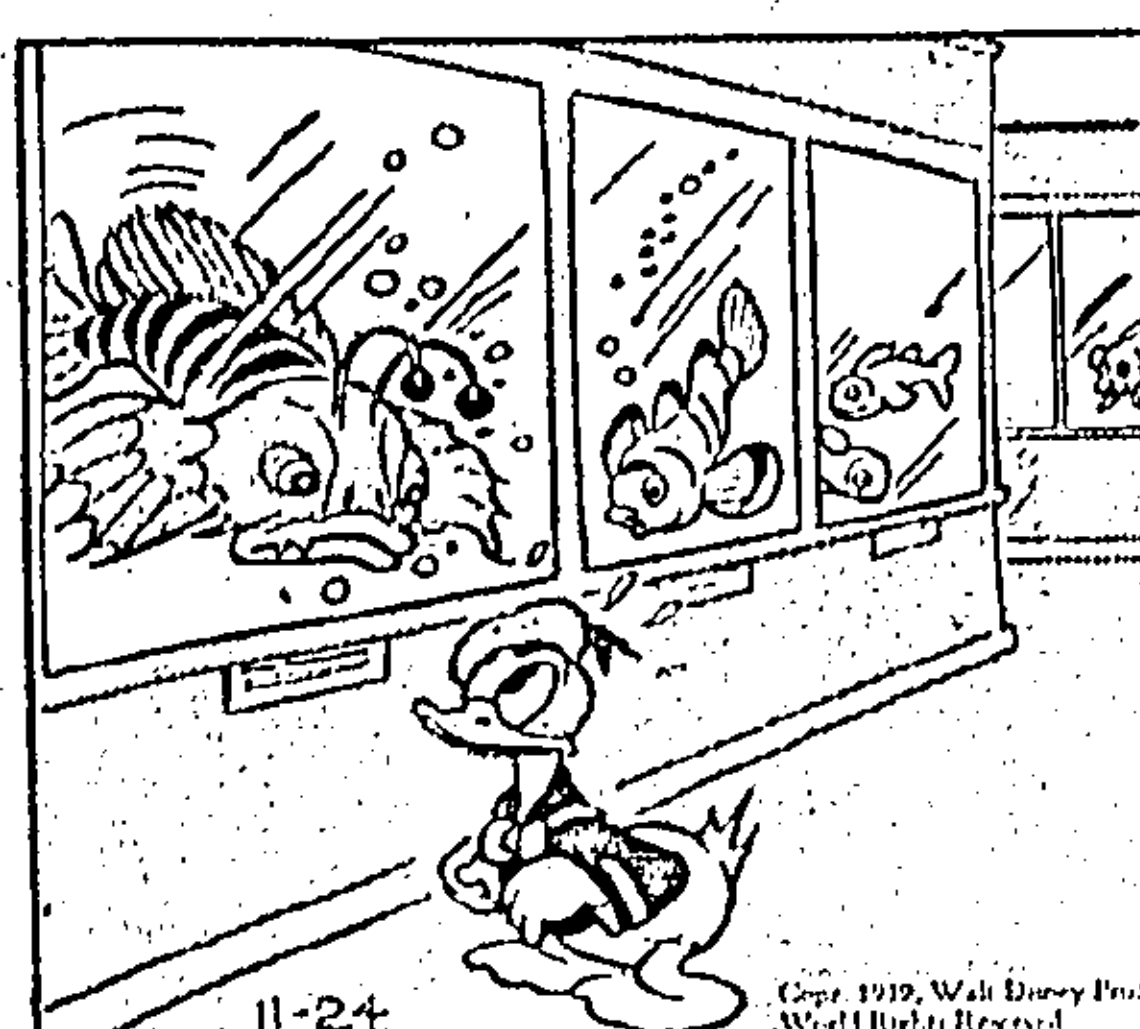
Peace Too Hot

The present production of the British aircraft industry is the result of five years of careful planning, which will assure a prodigious output of warplanes, aero engines, and instruments all through 1940, the peak year of the effort planned when rearmament began.

There is nothing that Germany can do to beat this magnificent effort.

It may be doubted, in view of the Navy's grip on Germany through the Contraband Patrol, whether Nazi output is able to keep up to anything approaching this pace.

DONALD DUCK



USE ONLY...
"ANCHOR BRAND"
 NEW ZEALAND'S FINEST
BUTTER
 The World's Best
 SOLE AGENTS—LANE, CRAWFORD, LTD., and
 from ALL LEADING STORES & COMPRADORES

GRIN AND BEAR IT

By Lichty



"I don't believe the way to a man's heart is his stomach. I make my boy-friends take me to the best restaurants, but they don't propose."

RADIO

ZBW, 355 metres (845 k.c.) and 31.49 metres (9,520 kilo-cycles)
 Radio Stars in Vaudeville;
 A B.B.C. Recording

Radio Programme Broadcast by Z.B.W. on a frequency of 845 k.c. and on Short Wave from 1-2.15 p.m. and 8-11 p.m. on 9.52 m.c.s. per second.
 11.15 p.m. Short Service of Inter-cession.
 12.30 Songs by Leslie Hutchinson at the Piano.
 12.40 Joe Daniels and His Hot Shots in "Drumsticks".
 1.00 Local Time Signal and Weather Report.
 1.05 Haydn—Symphony No. 101 in D Major ("London").
 1.30 Royal and His Chamber Orchestra.
 1.35 Royal and His Chamber Orchestra.
 1.40 Royal and His Chamber Orchestra.
 1.45 Gounod's "Faust" Ballet Music and Excerpts from the Opera. Even Bravest Hearts, Peter Dawson (Bass-Baritone).
 1.50 Royal Opera Orchestra, Covent Garden. Garden Scene: Saints above and Angels. And So You Never Take a Rest. Muriel Brunskill, Miriam Licette, Robert Easton Heddie Nash.
 2.15 Close Down.
 6.00 An hour of Variety with Chapman and Dwyer, The Hill Billies, The Boswell Sisters, Harry Roy's Tiger Ragamuffins, and others.
 7.00 Closing Local Stock Quotations.
 7.05 Gerald and His Orchestra.
 7.30 Local Time Signal, Weather Report and Announcements.
 8.05 Latest Variety, Accordion Band, "Carry On" Melodies. It's a long way to Tipperary; Keep the home fires burning; Hello, hello, who's your lady friend?; Pack up your troubles; There's a long, long way home.
 8.15 Close Down.

ALL THE LATEST POPULAR RECORDS ON PARLOPHONE JUST ARRIVED

- F1505 F. D. R. Jones "Little dog laugh" Van Straten and his Music.
- F1506 Lady's in love with you Nat Gonella and his Georgians.
- F1507 Love serenade "Let freedom ring" Victor Sylvester & Orch.
- F1508 There's danger in the wait Victor Sylvester & Orch.
- F1509 I never knew heaven could speak Victor Sylvester & Orch.
- F1510 I go for that Billy Thorburn and his Music.
- F1511 Serenade to an empty house Little golden ring.
- F1512 Good night my darling, goodnight The organ, the dance band.
- F1513 Wish me luck as you say goodbye and Me.
- F1514 Moon remembered but you forgot Leslie Hutchinson.
- F1515 Why begin again Joe Daniels and his Hot Shots.
- F1516 Cannellans Capers.
- F1517 Tin Fan Alley Medley Iver Moreton and Dave Kaye.
- F1518 Valencia Phillip Green and Orch.
- F1519 Ca C'est Paris.

TSANG FOOK PIANO COMPANY
 Marina House 19 Queen's Road C. Phone 24648

Behind the Line with French Colonials

INTENSIVE TRAINING: FIRST-CLASS CONCERT PARTIES

By RICHARD CAPELL,
 "Daily Telegraph" War Correspondent
 WITH THE FRENCH ARMY.

Within the last week or so the privilege has been mine of making a more than passing acquaintance with a French division.

There may possibly be similar experiences in store, but not quite the same thing can happen again.

The division has taken me under its wing. Day after day I have gone to and fro among the infantry

regiments and the cavalry, among the gunners and the sappers and the men of the medical corps, not to speak of the General and his Staff.

Anyone who has been "adopted" like this must ever afterwards feel a special loyalty. No other division can in his eyes be quite what his first one is.

Names and numbers are unmentionable. All I can say is that my hosts are a colonial infantry division, and that the war of 1939 has already been a real war for them.

A Familiar Chord

The word colonial must not be understood as necessarily denoting the inclusion of coloured troops. It means, in the case of my division, that the regular officers and non-commissioned officers have seen overseas service. The only men of colour it includes are attached to the artillery.

These mild-looking, cheerful fellows make first-rate chauffeurs and signallers. I have talked with them—they have been educated at mission schools and speak French—and I have eaten rice at their field kitchen.

The snap of frost which came in the third week of November made them shiver, but they are in good health.

But the sight of these children of Ham is not the only reminder one gets of the French overseas empire. Conversation at the messes in a colonial division touches casually on North or West African stations, Syria and Indo-China.

One may never have seen those places, but there is something in this which strikes a chord familiar to the English guest.

"Ragging" The Chaplain

At the end of luncheon we drink to the future of the two Empires—French and British and then there is the traditional shout in unison: "In the name of God, long live the Colonials!"

One meets at such messes a variety of types—the intense professional soldier, the infectious jovial, and the consummately polished.

The regimental chaplain is by tradition the object of banter. This can be pretty fierce, but the chaplains know how to take it. They are first-rate men, and the "ragging" they get is really a tribute to their humour and patience. They are greatly esteemed.

And in parentheses let me say that if any reader has a two-seater motor-car to give away, I happen to know a Colonial division chaplain who asks no more than that to be perfectly happy. No man on earth would make better use of it.

When the official accounts are published of the decorations earned by valour in this autumn fighting it will be found that the Colonials have played their part.

One point on which I should like to contribute the testimony of my observations is the work put in by the divisional engineers. On the more or less undefined front as it was when they took it over they must have felt like Trojans.

Within a few days a whole village of huts has sprung up at an appropriate spot to accommodate the first leave men—the happy few for whom "divisional rest," so called, is really a holiday.

Three Hours' Concert

For the others the word is a mere euphemism. Intensive training goes on in all the fighting units.

Nazi Airman Who Feigned Death SHOT DOWN BY R.A.F. FIGHTER PLANE

By PETER LAWLESS
 "Daily Telegraph" War Correspondent

With the R.A.F. in France. Who sank the Ark Royal? At least, who thought he did? In an R.A.F. mess in France the strange Nazi misconception arose. The man who thought he had achieved the success was the bosom companion of a prisoner, pilot of a Dornier shot down in the Chalons-sur-Marne area on Thursday.

The pilot said his friend had sunk the Ark Royal, and no one understood to disillusion him.

A Reservist with four children, a man of 31 who has done 1,000 hours of flying in four years, the pilot was brought down in a fight with British Hurricanes.

His companions leaped with their parachutes, one to death, the other to be made a prisoner. Alone, he feigned death, rolling relaxed in his seat. Beside him perched a Hurricane, and its pilot, thinking the day's work done, went on.

Taught To Hate English

Then the Nazi pilot scrambled back into the gun pit, and with a burst of fire crippled the British machine so that it was forced to land. The dead man was alive again, but there was another attack to be reckoned with, and his machine was crippled.

He was taken prisoner, but his enemies dined and wined him.

"All my life," he said, "I have been trained to hate the English. The French, no; the English, yes."

Then he looked up at the friendly, smiling faces around him, and burst into tears. He had been told that once a prisoner he would be grossly ill-treated, tortured even.

I do not think any man was sorrier to leave that mess and go behind prison bars. But he still believes that his friend sank the Ark Royal.

Last but not least, the regimental concert parties are in full swing.

I saw one of their shows in a village hall behind the line. The whole programme was contributed by members of one regiment. It lasted for three hours and was by far the best miscellaneous entertainment I ever saw.

What we call the compere in England is known as the speaker at a French cabaret show. The speaker of the concert party of the 21st regiment of coloured infantry is a sergeant who may have his equal in the professional or the cabaret world, but cannot have a superior.

Two strong men of the regiment gave a display of acrobatics which made us hold our breath. Sentimental songs of bygone years were as popular with the audience as anything. Then a farcical sketch was acted with brio and made us all laugh till our faces ached.

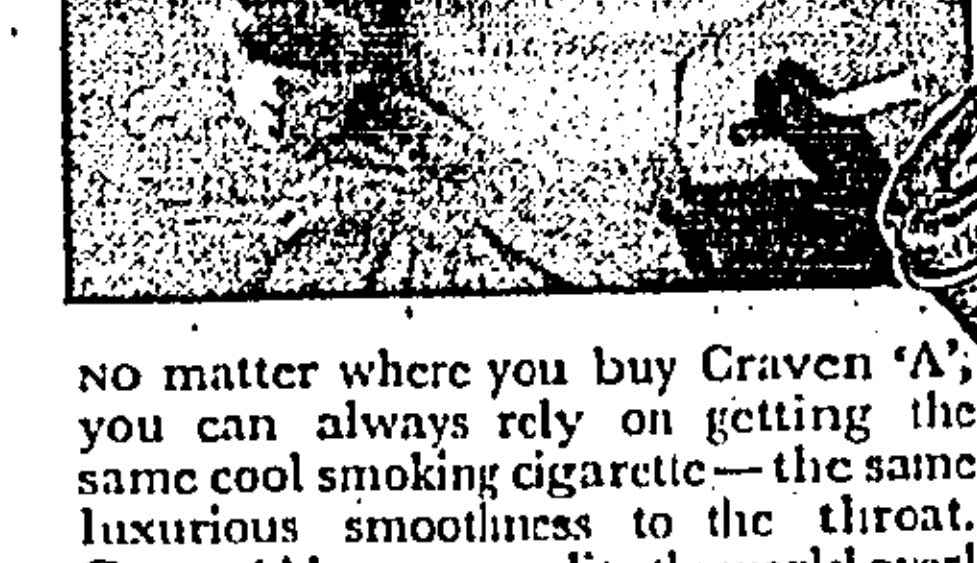
Another brilliant turn was given by a caricaturist who drew portraits of eminent personages in politics and in the regiment with lightning speed, winding up the series with one of myself.

The pianist of the evening played a fantasia on popular English songs in honour of the English guests.



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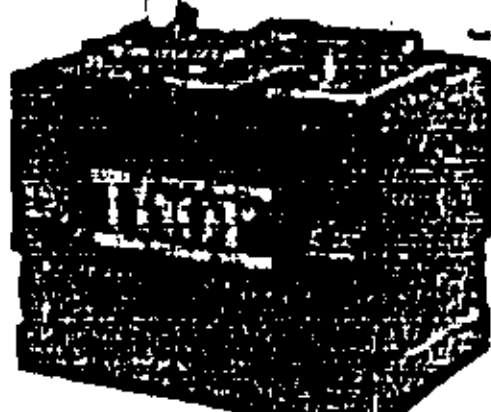
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DEATH

FORSTER.—On Thursday, January 4, 1940, at the French Hospital, William Latton Foster, aged 75 years, late Chief Officer S.S. "Chuen Chow." Funeral will pass the Monument at 5 p.m. to-day.

**The
Hongkong Telegraph.**

Friday, January 5, 1940.

Wyndham St., Hongkong

Telephone: 28015

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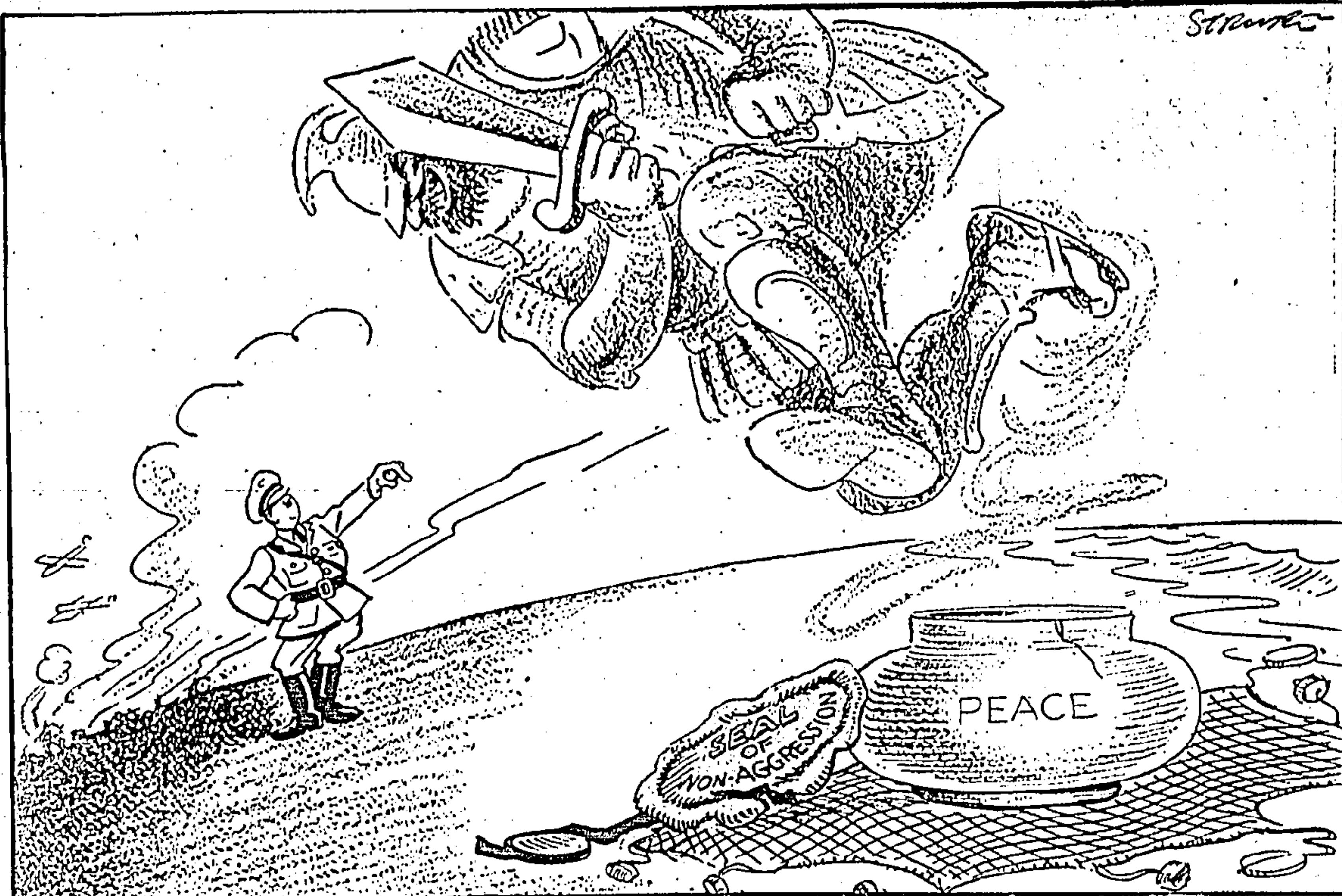
Premature

THERE is a considerable amount of sympathy in the British Empire for the German people, ground down as they are by the Nazi tyrants, and the Allies make it a condition of peace that Germany shall rid herself of the Hitler gang and establish a Government whose word counts for something.

With all our sympathy, however, it must be admitted that Germany produces, in her public life at least, a larger number of scoundrels per head of the population than perhaps any other country in the world. Some such thought may have prompted Lord Bradbury to remark that the German people have shown themselves prone to allow themselves to be dominated by leaders who have made them impossible neighbours to other peoples who desire to live their own lives. Therefore no settlement which merely eliminates a particular individual is going to prevent the rising of another obnoxious individual or another equally damnable political creed.

To overcome this danger Lord Bradbury proposes that the terms of settlement ought to be based on two guiding principles. The first is that nothing should be done to prevent Germany from taking her proper place as a member of a peaceful family of European nations. The second is that everything should be done to prevent Germany from again acquiring lethal weapons and the trained personnel to make use of them, and she should be required to submit to a comprehensive system of international supervision to secure this beyond a peradventure.

This looks very simple and reasonable, but would Germany or any other great nation consent to restrictions of this sort? In any case, discussion of settlement terms is somewhat premature. The first thing to be done is to win the war. It is not wise to count our chickens before they are hatched.



HITLER: "THE WAR IS OVER, HEIL HITLER, NOW BACK IN THE BOTTLE!"
GENIE: "AH, BUT I'M DICTATOR NOW."

☞ Ten guns for every German gun
Ten shells for every German shell
Ten tanks for every German tank ☞

Here's how we
are making this
slogan come true

S. W. ALEXANDER

City Editor of the "Daily Express"

describes a tour of
Britain's armament works

shortage unless by some chance the expenditure of shot and shell should be vastly greater than anything yet thought of.

IN one great factory I visited there was a Hall of Giants. Not a single man among the thirty engaged in that particular place was less than six feet in height—great, muscular men, fine specimens of physical fitness.

As a mere five-foot-one-and-a-half specimen I gazed admiringly on these huge men, lifting with pairs of tongs huge pieces of steel with their feet, skillfully to the ground in the right place so that they could be moved on to the next operation.

And here and there were men pushing along these giant pieces of high-grade steel with their feet. Their boots are made of special material, partly asbestos, and their clothing, too, provides protection against fire.

THERE are, of course, exclusive places where no unauthorised person is permitted to go—and if by chance you did get in you would not get out again.

Many of these buildings are strangely camouflaged. It is no longer possible to identify them from the air. Water courses which might have reflected the moon by night have been hidden by cunning devices.

IN one place you will find men working in complete safety making those small bullets for the .303 rifle. Small things these bullets are—but beautifully fabricated of high-grade steel and cleverly put together.

The method is simple—not unlike those child-time puzzles in which you shake the contents of one box into another in exactly the required position.

While millions of small bullets are mass-produced every day, every one of them has to be carefully examined, by the human eye, for faults. Those that have the slightest defect are instantly rejected. After their assembly, these bullets come into the hands of these checkers.

Many of them are elderly men with still-keen eyes, lining up the bullets by the score—examining first tops and tails and then sides. The chances of a defective bullet passing out are thus very small. These folk realise their responsibility and go about their work as if their lives depended on it—as indeed they may do.

ELSEWHERE I saw the making of heavy bombs for our Royal Air Force.

And here I saw the sandblasters. How comes it that men are pleased to be shut up during their working hours in little fortresslike buildings? Pleased to be dressed in a weird head-dress designed to give protection to their eyes and ears, doing nothing else all the time but spraying vast quantities of tiny pieces of hard steel—under great pressure—on to the sides of these bombs in order to smooth them off and remove accumulations of muck acquired in the process of manufacture?

There are plenty of people willing to take on that job—even though it means working in terrific noise and what may appear to others to be great inconveniences.

If, for instance, you want to communicate with one of these men, a gentle tap at the door will do no good at all. He won't hear. You will have to hit the sides of his foot-ress with something like a sledge-hammer—and if you hit hard enough he will just hear a gentle tap.

Maybe sandblasters are born, not made.

TREMENDOUSLY interesting, too, is the work of repairing the big guns. If you go to some of these works you will find a number of huge guns lying on the grass. They look as if they are being uncared for. Not at all. They are covered with rust-resisting paint, and their insides are full of grease—the ends being protected by wooden blocks.

A sixteen-inch gun for the British Navy weighs an enormous tonnage and throws a shell weighing many hundredweights for a great distance. Its life is probably only a few hundred rounds.

The life of smaller guns may be as much as a few thousand rounds, but all big guns at some time or other have to come in for repair. Their tubes wear out and they have to have new ones—new linings.

This involves taking out sixty feet of steel tube and inserting a new one.

The gun barrel is lifted up gently by rope which is nine inches in circumference and will carry a weight of 150 tons. It is put end-up into a great pit, where it is heated by gas—a formidable arrangement of gas pipes is involved in this. The old tube is carefully taken out, and when it gets cold again the new one is put in.

In all this work the steel used has to be of the highest grade.

The development of high-grade steel in the past fifteen years has altered the structure of the big guns.

There are some old ones in these factories which still have inside them thousands of yards of what we used to call piano wire. It was there to take the compression as the gun was fired.

The new steel makes that unnecessary. It also makes for simpler construction and longer life.

As these great guns are made or remade, they are taken away, perhaps, disguised as a kind of birthday cake on wheels, and are tried out—shelling into vast mounds of sand.

LET me tell you about the machines in these vast factories.

One of the most important is the rifling machine. This makes those beautiful grooves in the tube of the gun which cause the shell to rotate at a great speed as it takes its course.

A message I recently received from America said that the British munitions factories were full of German machines. I suggested that in this matter of munitions-machinery we were away behind the other man.

Germany has always specialised in certain types of small machine tool. We have specialised in others which they do not produce, and Switzerland and America have specialised in yet other types. In normal times, this division of labour is a good thing.

In these big armament works I have looked out especially for German machines. I could find only one German rifling machine. It was obtained under conditions which are unlikely to have caused it to be selected as a bad specimen for our special benefit. But the quality of the materials of which it is made is so poor that it has broken down several times. It is not comparable with the corresponding British tool.

ALL steel coming into these works is first electrically drilled for a sample. This is sent to the laboratory. The temperature at which it shall be treated is decided from that sample. It is numbered, and followed through to the finished job.

Do not imagine, however, that there are no problems to be solved. Rapidly expanding industry always brings its own problems.

Something of the problems of skilled labour, and there is an urgent need that women should be allowed to come into the factories and participate in this work.

Some men have been reluctant to agree, but to-day the problem is primarily one of making ready the necessary facilities and accommodation.

There is, on all sides, complete evidence that all are willing to make sacrifices for the common good.

Mr. Leslie Burgin, the Minister of Supply, and his staff are working night and day, for it is realised that at all costs the men at the front must be supported.

The great mass of the public, the wives and children of the front-line men, can, in my view, have complete confidence that this purpose will be achieved.

OVERNIGHT NEWS PAGE

THEY FEEL THE PINCH

Front Line Soldiers Short Of Clothes

COPENHAGEN, Jan. 4 (Reuter).—According to reports reaching here, the Allied economic warfare is now being felt in Germany, even among the troops in the Siegfried Line.

The reports assert that many men are in want of new uniforms and other clothing. Even the richest Germans, it is reported, are finding it hard to obtain new clothes which are particularly needed now because of the very cold winter.

No-Food Shortage

Generally speaking, however, there is no serious food shortage provided that one has the money to pay for it, but the fare obtainable is monotonous, and to a certain extent lacking in nutriment.

Freezing German waterways are holding up coal deliveries. This, combined with the shortage of clothing and the extreme cold, augurs ill for the comfort of the Germans for the remainder of the winter.

Irish Army Is Undermined

Dramatic Criticism In Eire Senate

DUBLIN, Jan. 4 (Reuter).—In the Eire Senate to-day, Professor Michael Tierney said that he was not surprised at the raid on the magazine in Phoenix Park.

It was patent to anybody familiar with what was going on in the army that things were bad. Discipline was undermined and there were irregularities which would never be permitted in any ordinary army.

National Govt. Urged

Professor Tierney urged the formation of a National Government and said that unless the two principal parties in Eire came to some arrangement, they would soon find that the country had no use for either of them or for Parliamentary institutions.

General Richard Mulcahy urged co-operation between the governments of Eire, Great Britain and Ulster, so that Eireann citizens would not be allowed to damage property or endanger lives in North Ireland or Britain, or endanger political relations between Eire and Britain.

"Must Have Discipline"

DUBLIN, Jan. 4 (Reuter).—While the Senate was sitting, the Daily considered another Bill which seeks to put into permanent form, legislation authorising the detention of persons suspected of activities against the State.

It is necessary for the Government to introduce this Bill in order to repeal the second part of the Offences Against the State Act, which Mr. Justice Duffy recently pronounced unconstitutional.

Mr. Aiken, the Minister of Defence, said: "When small nations are falling like nine-pins all over the world, it must have discipline, and the Government must have the support of all good citizens in suppressing revolutionary activities."

Over 20 Arrests Made

LONDON, Jan. 4 (Reuter).—It is now reported that over 20 men were arrested to-day in the city and county of Cork.

The arrests are believed to be part of a general round-up of Republicans.

Mr. De Valera's Hint

DUBLIN, Jan. 4 (Reuter).—The Daily has passed the final stages of the Offences Against the State Bill by 62 votes to seven.

Labour and one Independent voted against, but the Opposition supported the Government.

Mr. Eamon de Valera, in the course of the debate, said that carelessness in routine was responsible for the magazine raid and remarked that it would be serious if the Act was unconstitutional.

If such were the case, it would be necessary to change the Constitution.

Another Trawler Feared Lost

LONDON, Jan. 4 (Reuter).—The Aberdeen trawler, Danedon, is ten days overdue and is feared lost.

The Danedon left Aberdeen on December 11 and was last seen in the fishing grounds in the same vicinity as the trawler, Star of Scotland, on the day when the latter was bombed by German aircraft.

Dalai Lama's Enthronement

CHUNGKING, Jan. 4 (UP).—It is officially announced that the 14th incarnation of the Dalai Lama will ascend the Throne with elaborate ceremony on February 23.

FOREIGN INTERVENTION IN FINNISH-RUSSIAN CONFLICT?

Nazi Press Attacks

BERLIN, Jan. 4 (Reuter Special).—The "Boersen Zeitung" making a new attack on neutrals, asserts that since the outbreak of war Britain and France have treated the neutrals in the worst possible manner, but none of the neutrals has protested even when Britain and France at Geneva attempted to legalise the war against Germany within the framework of the League.

The newspaper concludes, "Those who endure so much from the blockade and who participate passively in the anti-German measures must know that in the present circumstances this means complicity with one of the belligerent parties."

H.K. Stock Market

The following quotations were issued on the Hongkong Stock Market this morning.

BANKS	
H.K. Banks	1,380
H.K. Banks (Lon. Reg.)	2,034
H.K. Banks (H.K. Reg.)	2,054
Chartered	844
Morant, A. & B.	294
Morant, C.	114
East Asia	78

INSURANCES	
Canton	200
Union	440
China Underwriter	14
H.K. Fire	185

SHIPPING	
Douglases	72
Steamboats	11
Indo-China	100
Indo-China S.S.	80
Shell (Boaters)	81
Waterboats	74

DOCKS ETC.	
Wharves	102
Docks	217
Providents	45
New Eng. Sh.	19
Sh. Docks	214

MINING	
Kailan s/-	17/6
Rubus	10/50
Venz. Gold	4
H.K. Mines	4 cts.

LANDS	
Hotels	525
Lands	33
Lands 4% Deb.	100
Shui Lands Sh.	13
Humphreys	800
H.K. Realities	435
Chinese Estates	101

UTILITIES	
Trams	17/25
Peak Trams (old)	8
Peak Trams (new)	4
Star Ferries	103 1/2
Y. Ferries	234
China Lights (old)	700
China Lights (new)	400
H.K. Electric	37 1/2
Macao Electric	18 1/2
Sandakan Lights	11/10
Telephones (old)	24/75
Telephones (new)	9/10
Tractions s/-	18/3
Tractions (Pref.) s/-	18/0

INDUSTRIALS	
Cald. Macg. (Pref.)	14/00
Cald. Macg. (Ord.)	13
Canton Ice	1
Cements	17/50
H.K. Ropes	5/90

STORES, &c.	
Dairy Farms (old)	21 1/2
Dairy Farms (new)	21 1/2
Walsons	0/40
Lane, Crawford & Co.	7 1/2
Sinceres	1/80
Wing On (H.K.)	41
Powell, Ltd.	1

COTTON MILLS	
Ewo Sh.	28/50
Shui Cotton Sh.	15/0
Zong Sing, Sh.	44
Wing On Textiles, Sh.	40 1/2

MISC.	
H.K. Entertainments	64
Constructions (old)	17/5
Constructions (new)	17/5
Vibro Piling	18 1/2
Ch. Govt. 5% 1925	40 1/2
G. Bonds	40 1/2
H.K. Govt. 4% Loan	100
H.K. Govt. 3 1/2% Loan	97 1/2
Murmans (Lon. s/-)	14/0
Murmans (H.K.) s/-	4

INTERPORT NOT YET ARRANGED

SHANGHAI, Dec. 5 (UP).—The Shanghai Football Association has not yet arranged a definite schedule for Hongkong, but it is expected that the usual three matches will be played over the Chinese New Year holidays in late February.

The games will no doubt be v. the Interport XI, v. the All-Chinese stars, and v. either a combined Chinese-foreign team or a British Army side.

GERMAN COMMUNIQUE

BERLIN, Jan. 4 (UP).—The High Command communique says, "On the western front between the Moselle River and the Palatine forest there was somewhat lighter artillery fire than on the previous day."

The air force reconnoitred over France and the North Sea. One British plane was shot down near Aix-la-Chapelle after flying over Luxembourg. The plane crashed near the frontier on Belgian territory.

Possibility of German Help to the Invaders

High Nazi officials are said to have met in Berlin during the past few days to discuss the possibility of assisting the Soviet against Finland in the face of League Members' assistance to the small country and the apparent impotence of the Russian Army to make any decisive movement.

It is also reported that an important meeting is arranged for to-morrow at which the war leaders will confer in Berlin on the possibility of a big spring offensive. It is not anticipated that this offensive will take place along the Western Front where any advance would prove very expensive, but it may involve the invasion of neutral countries, particularly Holland and Belgium, in order to obtain naval and air bases for a concerted effort against the Allies.

Berlin, Jan. 4. It is understood that Herr Hitler is convening a momentous conference of military, Party and Government leaders on Saturday.

Diplomatic circles understand the forthcoming conference will entail important developments in the present war situation.

Military experts believe a decisive clash between the German and the Allied forces will be inevitable. They point out that German troops have completed preparations during the past several months and they will probably take the offensive in the spring.

The forthcoming crucial conference is understood to decide on the final plans for the allegedly contemplated German offensive.

Military observers further point out that Germany will continue to take the defensive on the Western front, but as the forty-day season will end about April or May, Germany will concentrate its activity on the sea and in the air.

Some circles believe German forces will probably carry out the anticipated invasion of Holland in an attempt to acquire bases for aircraft and submarines.—Dowd.

War Against Sweden

Kaunas, Jan. 4. According to a Berlin message, it is possible that German military collaboration with Russia in the event of British and French aid to Finland through Sweden and Norway has been discussed at an important War Council.

Hitler, Goering, Himmeler, Hoss, von Brauchitsch and Admiral Raeder are reported to have taken part in the meetings.

It is stated that further speeding up of the four-year plan was also discussed.

According to the same message, the Soviet Ambassador visited the Wilhelmstrasse several times and another prominent Soviet personality is now in Berlin.—Reuter.

Finns Attack Railway

Helsinki, Jan. 4. Despatches from Riga say that Finnish ski patrols derailed a Russian troop transport train on the Murmansk railway. Many soldiers were killed and many coaches destroyed.—United Press.

Karelian Isthmus

Helsinki, Jan. 4. Reports indicate that the Red Army, now commanded by General Stern, is being brought to a strength of 600,000 men in the Karelian Isthmus.

According to reports from Leningrad the order is for a smash-through of the main defences of the Mannerheim Line regardless of cost. The front of the attack is expected to be borne by Finnish defenders on the southern end of the Mannerheim Line which has been pounded for days by heavy Soviet guns.

There were several attacks at various points along the line in the morning. All of them were repulsed with great loss.

Abo, Hangoe and Viborg were heavily bombed from the air during the day.—Reuter.

Finnish Air Force

Helsinki, Jan. 4. An Italian plane piloted by an Italian volunteer led the Finnish bombers in an air raid yesterday on the Estonian island of Oesel, which has been leased to Russia.

The Russians are believed to be using Oesel as a base for sending planes to the west coast of Finland. The raiders flew over Oesel at a height of a few hundred feet and dropped bombs which started fires. Later they returned, flying still lower, and machine-gunned the Russians who were trying to extinguish the flames. The Finns met anti-aircraft fire but returned safely.

Afterwards a reconnaissance plane went to Oesel and found considerable damage done and the fires still raging.

Finnish planes were also active over Murmansk and are reported to have destroyed a big petrol dump.—Reuter Bulletin.

Foreign Aid

Washington, Jan. 4. Granting loans to Finland up to \$100,000,000 will be provided in a Bill to be introduced at the new session of Congress. These credits will be used for purchase of war supplies.

Remission of debt payments also will be granted.—Reuter Bulletin.

Aid From Sweden

London, Jan. 4. Further aid to Finland is reported from Stockholm where it is stated

"New Anzacs" Are Ready

WELLINGTON, Jan. 4 (Reuter Bulletin).—The Governor-General of New Zealand, Lord Galway, this morning reviewed six thousand men of the second Imperial Force, now known as the "New Anzacs." The contingent will shortly be sent for service overseas.

An enthusiastic crowd estimated at 500,000 mobbed the soldiers as they marched past singing Grace Fields' new song, "With Me Luck." The troops were accompanied by no less than nine bands.

Japanese Explanation

Shanghai, Jan. 4. A Japanese army spokesman stated to-day that following a successful counter-offensive the Japanese forces in Kwangtung are strategically withdrawing and concentrating their efforts at a certain point.

At the beginning of the counter-offensive the Japanese announced the objective was not direct seizure of towns, but it was designed to wear out the Chinese fighting power, seize as much Chinese equipment and inflict as many casualties as possible.

The spokesman said the Chinese at present are claiming the Japanese withdrawal as a Chinese victory. He asserted the Chinese forces are incapable of opposing the Japanese army.

The booty seized during the counter-offensive, the spokesman claimed, represents virtually the whole stocks of ammunition massed by the Chinese in South China during one year.—United Press.

Campaign Against T. B. Further Advice Given To Lung Sufferers

The second series of talks by Dr. P. Selwyn-Clarke, Director of Medical Services, in connection with the "Campaign Against Tuberculosis" was delivered over ZBW last night. Mr. Ho Kom-long spoke over ZBW.

The final talk will be given next Thursday.

We discussed last week the assistance which the individual can give in combating Tuberculosis in Hongkong. I want to talk to you now about what I may call the practical communal measures.

If you suspect that you or a relative or friend are infected, do not give way to alarm. Take precautions. Few cases of Tuberculosis are entirely hopeless. Later, surgical treatment has been successfully resorted to. The more usual treatment, however, is that known as "conservative." It consists principally of resting and nourishing the patient and giving his lungs a chance to heal.

Rest is very necessary. It is not always possible in the home, hence the need for sanatoria. From the communal viewpoint, the great value of sanatoria is that, firstly, they make it possible for infectious cases to be removed from overcrowded and insanitary tenements where they are responsible for others becoming infected; secondly, they enable steps to be taken to treat such patients and, in a proportion of cases, to build up their powers of resistance so that the disease becomes quiescent, thus enabling them to return to active life and work; and, thirdly, they provide the means of educating sufferers in the best way of assisting nature in the curative process and in avoiding acting as a source of infection to others.

Next Best Thing

Of course, people have their living to earn—their families to look after. There must continue to be many walking cases, exhausting themselves and being a potential danger to their associates. These can help themselves and others by adopting a common-sense attitude. But it is obviously desirable to discover and isolate either in the house or, if available, in hospitals, sanatoria and village settlements, those persons who are actually carrying the germs in their bodies and scattering them every time they cough and spit. For this reason, it is the aim of the Medical Authorities to discover, and educate, all infectious cases of tuberculosis and persuade them to isolate themselves.

The first step was taken in this connection early in 1939, when Tuberculosis was added to the list of diseases which must be notified by medical practitioners to the Health Authorities. Up to the end of September, 1939, some 6,882 notifications had been received. This figure only represents a relatively small proportion of the total number of cases. For during the same nine months 8,736 deaths from the disease were registered. It may be fairly assumed that one death indicates the existence of at least five cases. However, it would be unreasonable to suggest that, because every criminal was not apprehended, there was no point in

The ODD Coat

May be worn on any outdoor or informal occasion.

When you decide to be as free and comfortable as modern clothing allows, call and see our new Sports Jackets in "happy-go-lucky" Tweeds and Flannel Trousers to wear with them.

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MADE TO MEASURE



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MEN'S WEAR
SPECIALISTS

ALL STEAMSHIP SAILING DATES — AIR-LINE DEPARTURES — FARES

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NO MORE TO BOOK
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The battle for mastery of the mighty Atlantic. A brave seaman fighting to prove himself to a beautiful daughter of the sea. Action, adventure, romance in Frank Lloyd's greatest sea picture!



FRANK LLOYD'S

"RULERS OF THE SEA"

Douglas FAIRBANKS, Jr. Margaret LOCKWOOD
WILL FYFFE GEORGE BANCHOFF MONTAGU LOVELL

A Paramount Picture. Produced and Directed by Frank Lloyd

SUNDAY TO-DAY
QUEEN'S PALHAMBRA

PLEASE Turn To Page 9.

Crossword Puzzle

By LARS MORRIS

ANSWER TO PREVIOUS PUZZLE

ACROSS

1-Sports
2-Part of
3-Veterina place
4-Regions
5-Taxi
6-English
7-Residence
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100-Residence

DOWN

1-Opening
2-Make mistake

Swan, Culbertson & Fritz

Investment Bankers and Brokers

Members of New York Cotton Exchange
Chicago Board of Trade
Winnipeg Grain Exchange
Commodity Exchange, Inc., New York
Canadian Commodity Exchange, Inc., Montreal
New York Coffee and Sugar Exchange
Manila Stock Exchange
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THE "TELEGRAPH" WAR MAP OF EUROPE

TWENTY CENTS EACH

SIZE 16" X 12"

NOW ON SALE

AT THE "HONGKONG TELEGRAPH"
OFFICE, MORNING POST BUILDING
WYNDHAM STREET

You can crochet this new-style Bedjacket

CROCHET is a pleasant change from knitting, and wool crochet can be done at a fairly good speed and without much bother.

The crochet bedjacket shown here is modelled on the newest blouse-effect lines that are becoming so popular.

It is fastened down the front with a zipper; but you could use a row of buttons and add a row of loop buttonholes to the edge of the right front if you prefer.

The Pattern

These two rows form the pattern throughout, except for the collar and sleeve edges.

1st Row.—Turn with 2 ch., * miss 3 ch., 4 tr. into the next st. Rep. from * to end, ending with, miss 3 ch., 1 tr. into last st.

2nd Row.—1 d.c. into every st.

Back

Begin at lower edge with 70 ch. Work 2 extra ch. for turning, then work 2 rows in pattern as given above. (17 groups).

Continue in the pattern, always making the groups of 4 tr. exactly over the centre of groups in previous row, at the same time shaping the side edges by increasing 1 tr. at each end of every alternate tr. row until the work measures 10in. from commencement; ending with a d.c. row. (21 groups, measuring 17in. across).

Shape Armhole thus:

1st Row.—Slip-st. to centre of 1st group, 2 ch., work 4 tr. in each group to the last group, 1 tr. in the last group. (1 group less at each end).

2nd Row.—1 d.c. into every st. Rep. these 2 rows twice more. (15 groups remain).

Continue in the pattern without shaping until the armhole measures 6in. on the straight from commencement of shaping, ending with a d.c. row.

To Shape Shoulders and Back of Neck

Next Row.—Slip-st. across the 1st and 2nd groups, work the following 2 groups in the usual way, work 2 tr. and 2 d.c. instead of 4 tr. into the next group, work 4 d.c. instead of 4 tr. into each of the next 2 groups.



Slip-st. across the next group (this is the centre back of neck), then work 4 d.c. into each of the next 2 groups, 2 d.c. and 2 tr. into the next group, 4 tr. into each of the next 2 groups, 1 d.c. into the 1st st. of the next group. Fasten off.

Right Front

Begin with 38 ch. Work 2 extra ch. for turning, then work 2 rows in pattern. (9 groups).

Continue in the pattern, shaping the side edge by increasing 1 tr. at the end of every alternate tr. row until the work measures 10in. from lower edge, ending with a d.c. row. (11 groups).

Shape Armhole thus

1st Row.—Work in pattern to the last group, 1 tr. into the last group. 2nd Row.—1 d.c. into every st. Rep. these 2 rows twice more. (8 groups remain).

Now continue without shaping until the work measures 14in. from lower edge, ending with a d.c. row.

To Shape Neck

1st Row.—Slip-st. across 1st group, 2 ch., work 4 tr. into the next group, 2 tr. and 2 d.c. into the next group, 4 tr. into each of the next 2 groups. 2nd Row.—1 d.c. into every st.

Cut-And-Come-Again Cakes

WHEN these cakes come to table, over with a little hot sugar, and everyone in my home wants a second slice.

First, a date and fig mixture is suitable for children.

Ingredients: 3/4 lb. flour, 1/2 lb. margarine or butter, 6 oz. castor sugar, 3 eggs, 1/2 cup stoned and chopped dates, 1/2 cup chopped figs, the juice of half a lemon, a tablesp. of golden syrup, a tablesp. of milk.

Line a greased tin with parchment paper. Sieve the flour and salt together, add the chopped fruit, stir in the spices and lemon juice.

Thorough Beating

Cream butter and sugar, add eggs gradually and beat well. Stir in the warmed syrup, and a little warmed milk, and add to the rest of the ingredients. Mix thoroughly.

Pour into the greased tin and bake in a moderate oven for two hours. Regulate mark at 4.

Whilst the cake is still hot, brush

Nut-Fruit Cake

For the grown-ups' Sunday tea. Ingredients: 3/4 lb. margarine or butter, 1/2 lb. sugar, 1 tablesp. of syrup, 3 eggs (a teaspoonful of vinegar can be used instead of one of the eggs), 1/2 pint milk, 14oz. flour, 1 tablesp. baking powder, 1 tablesp. vanilla essence, 5oz. sultanas, 5oz. raisins, 6oz. chopped dates, 3oz. chopped nuts.

Cream butter or margarine and add the syrup. Break the eggs into a bowl, mix with the milk, and add to the creamed mixture alternately with the sifted flour, stirring in the baking powder with the last portion of flour.

Add the prepared fruit and the vanilla essence, bake in a slow oven for 2 1/2 hours. Oven mark 3.

I HAVE FOUND—

THAT old socks sewn together and put over the head of the mop make excellent floor polishers.

Ten and cocoa stains on the tablecloth should be treated at once. Wash out in cold water first, then pour boiling water through.

Hot plate marks on polished tables are lessened by rubbing lightly with a soft cloth dipped in a little olive oil and salt.

ADVICE TO NURSING MOTHERS

It is very important, doctors say, not to overtax your system immediately after the birth of a child. When you are feeding baby yourself, you should take plenty of easily digested nourishment.

For that reason, doctors throughout China recommend Horlicks. They have proved that Horlicks stimulates the appetite, promotes sound sleep and strengthens the whole system. Also, Horlicks increases the supply of maternal milk and ensures the success of breast feeding.

Get Horlicks to-day from your store.

SHORT CUTS

The under sheet should be folded snugly under the mattress. Both ends in making the bed. Matted corners make for efficiency and add to the trim appearance of the bed.

Sauces may be kept hot over hot water in a double boiler without getting thick and pasty.

Drop cookies must be separated sufficiently from each other or they will spread out and run together.

When a recipe calls for lukewarm liquid test temperature by putting a drop on the wrist.

COULD NOT LAND

Chungking, Jan. 4. The plane bearing the British Ambassador, Sir Archibald Clark Kerr, arrived above Chungking at 8.15 a.m. to-day and was kept two hours in the air waiting to land, owing to visibility being practically nil. In the very thick mist it was impossible to see 20 yards ahead.

Unable to wait further owing to gasoline shortage, the plane landed at 10.15 a.m. at another airfield in the suburbs where the fog was thinner.

Over 100 people were anxiously waiting on the island airfield, including British Consulate officials, representatives of the local British community, Ministry of Foreign Affairs and the Sino-British Boxer Indemnity Fund Committee.—United Press.

MATERIALS

7 ozs. of Copley's 3-ply Rayon-Wool, A No. D Strain-old crochet hook, A 14in. open end "Lightning" Plastic Fastener.

MEASUREMENTS

To fit a 34in. bust. Shoulder to lower edge, 16in.

ABBREVIATIONS

Ch., chain; d.c., double crochet; tr., treble; rep., repeat; ins., inches; st., stitch.

TENSION

2 complete patterns measure about 1 1/4in. in width. 5 complete patterns measure 3in. in depth.

To Shape Shoulder

Next Row.—2 ch., 1 tr. at neck edge, 4 tr. into each of the next 2 groups, 1 d.c. into the 1st st. of next group. Fasten off.

Left Front

Work to match the Right Front, working all shapings at opposite edges.

Sleeves

The Band

Make 6 ch. Turn and work in d.c. until the band is about 10in. in length (or length required to fit arm closely).

Now commence with 2 ch. and work 18 groups into the band, arranging eight closely-spaced groups in the centre and four wider-spaced groups at each side.

Continue working in pattern without shaping until the work measures 4in. from commencement (including the band), ending with a d.c. row.

To Shape the Top

Miss one group at each end of the next tr. row, then miss one st. at each end of every following d.c. row and 2 tr. at each end of every following tr. row until the sleeve measures 8in. from commencement, including the band. Fasten off.

Collar

This is worked entirely in d.c. Make 75 ch. 1st and 2nd rows—1 d.c. into every st.

3rd row—Increase by working 2 d.c. into the 6th st., then in every following 6th st. to the end, ending with 1 d.c. into each of the last 5 sts.

Work 2 rows without shaping, then in the next row increase by working 2 d.c. into the st. over each increasing of previous increasing row.

Rep. these last 3 rows until the collar measures 2 1/2in. from commencement. Fasten off.

To Make Up

Join the side, shoulder and sleeve seams. Insert sleeves into armholes, placing the seams to the side seams and easing any extra fullness at the top of the sleeve into the fullness at the shoulder seam. Sew short edge of collar to neck edge. Work a row of double crochet down fronts and round lower edge of jacket, also round edge of collar. Sew the Zip fastener into position along the front edges.



Eyelet cotton edges the jacket and the shirring top of the ensemble shown above. The jacket sleeves are bracelet length, the gown has puff sleeves, a rounded collar and pocket.

ROOM BATH \$6.00 CENTRAL CLEAN COMFORTABLE

Here's A New Swing Step For You

THE HITLER KICK

BUT YOU MISS YOUR PARTNER

THE jitterbugs have got a new step. It is the Hitler Kick. You turn around, wriggle like an animated snake, and do a hard kick—just missing your partner, because, though it is a dance with a personal touch, you don't bear him the same ill will.

It's a lively step, and you can put as much expression in it as you want. They are swinging this revised "Hell Hitler" in London.

The half-a-crown hop at the Palais means a lot in the life of the young people who work five and a half days a week. At the beginning of the war they were closed down, but gradually local authorities are reopening them, and one more fairy-light of our pre-black-out days is twinkling again.

Finding the Palais was hard enough, though the regulars need no midday sun to guide them. Once inside, they just hung their gammas on a hat-peg and got going.

"Come on," shouted the crooner. "Get hot, hot yourselves go... forget it all..."

The band didn't play any of the old war tunes—or the new ones. There is enough of that outside, and they were made for marches, not dances. Instead they swung the "Flat Foot Floggie," or lulled them along on "Deep Purple."

It was the true atmosphere of this war, the 1939 war. The girls with their short silk dresses swinging out from the hips, their long Ginger Rogers curls tapping on their shoulders, and their arms and feet flying around as if they were on elastic bands.

PIERCING

A few soldiers were there, having a night out, doing a rumba like a Spangard, or slapping their belts in the jam session.

Then there was a clarinet solo, as piercing as a siren. A young girl with a halo of ginger curls stepped out to do a solo wriggle, while the rest gathered round her, tapping, clapping, singing.

The organ, with its glass front, like coloured ice, came in, ringing bells and pounding away a deep bass. The neon lights, snaking across the roof, covered the dancers with a hard metallic glow.

Watching from the balcony and felt that this was a contemporary picture for the history books, just as our parents in 1914 were photographed in high collars and tight skirts doing a fox-trot at arms' length.

Soon it will be a petrol place, but Sunday night in Hammersmith, the Army was going hot under its khaki as it did a stomp and a high kick.

There were two touches of war for the history book. While they danced the tables behind them were piled up with gas masks and vanity cases. Only a few of the girls came in evening dress, because it is easier to walk home in a short dress and a tweed coat.

An ambulance driver took out his gas mask to show the boys, and began padding, padding the eye-pieces with a handkerchief.

No one talked politics. They just sat out, sipping lemonade, talking about the things they did last week. The soldiers, sitting out with their girls, did not disturb their few hours' leave with Army talk.

They all got up for the waltz, a faster, smarter version than the 1914 waltz, but still the same "Blue Danube" tune.

Then at ten the dance ended. And they walked home between the sand-bags.

Missed 109th Birthday By Four Days

A WOMAN who died recently was born when Queen Victoria was a girl of 11.

She was Britain's oldest woman, Mrs. Emma Coate, of North Curry, near Taunton. Had she lived four more days she would have been 109.

In 1839, when she was born, William IV had been king for five months.

Mr. Huskisson had just been killed at the opening of the Liverpool and Manchester Railway.

In the previous year the Rocket had carried the world by steaming at 25 miles an hour, and London's first bus had run from Paddington to the Bank.

A few weeks ago the old lady went for a car ride.

Since the war began she had continually asked for the latest news. Fear of air raids never worried her. She had no children. Her husband, a farmer, died at the age of 88 about 30 years ago.

French General Dies On Western Front

PARIS, Dec. 14. THE first French general to be killed in the war, General of Division Raymond Pignaud, was buried at Val-de-grace to-day.

Edna Off To Reno

EDNA BEST, the English film and stage actress, is leaving Hollywood for Reno to secure a divorce from Herbert Marshall.

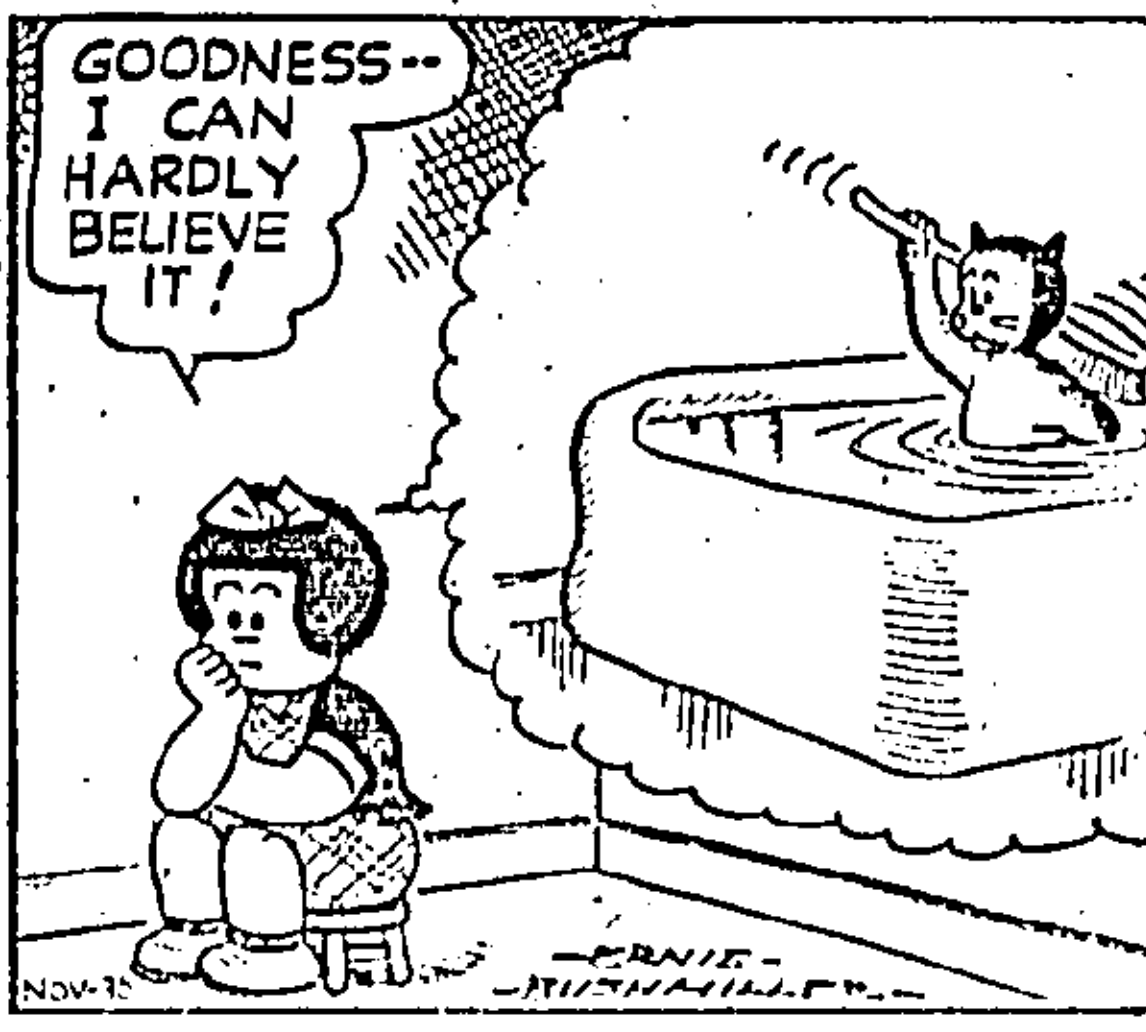
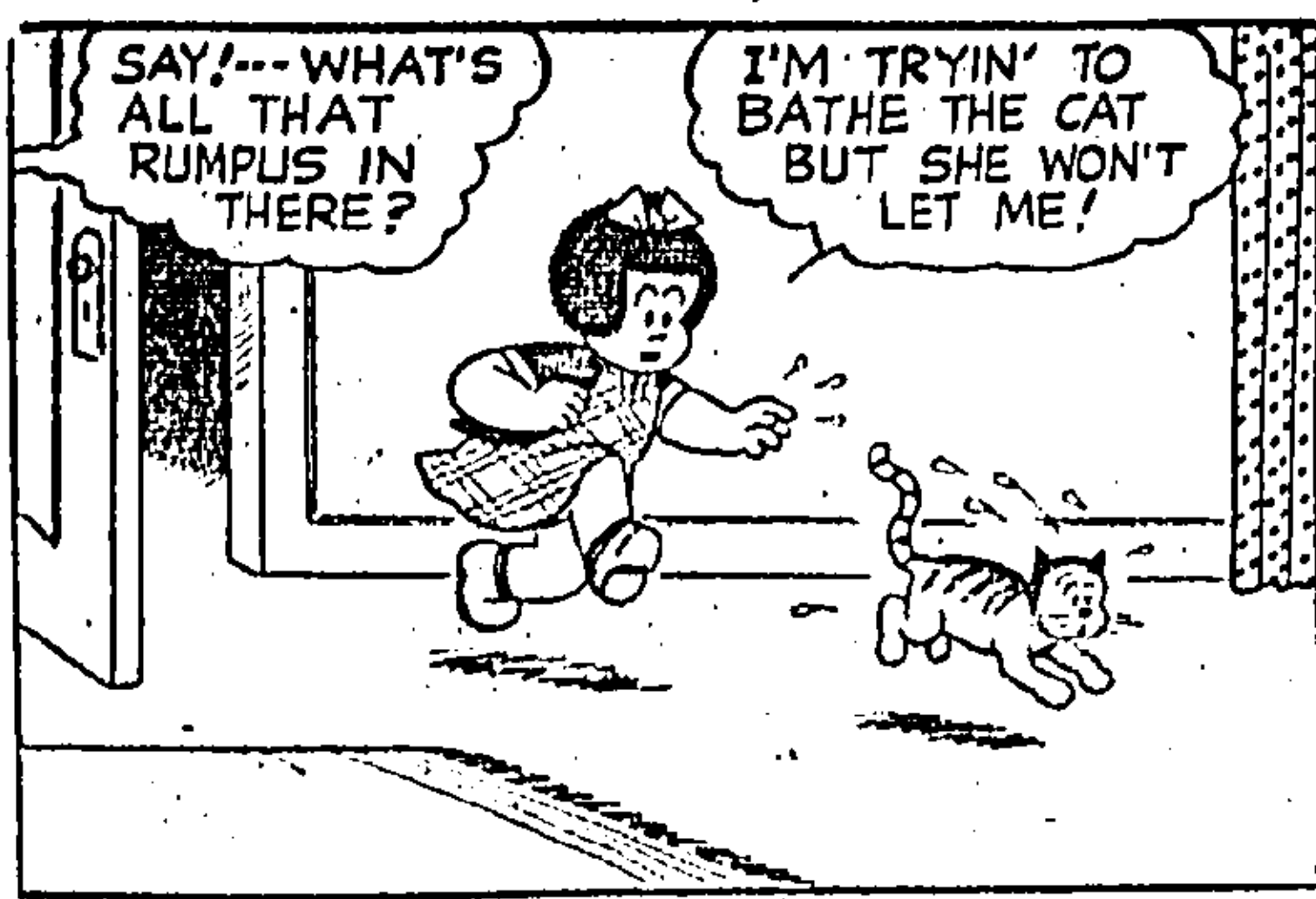
Her twin sons, James and John Best, now aged 17, and her daughter, Sarah Marshall, aged 6, are with her in Hollywood.

Edna Best was married to Seymour Board, the actor, a friend of her childhood in 1920. A year later her child was born.

In 1929 the marriage was dissolved, Mr. Herbert Marshall being cited as co-respondent. At the same time Mr. Marshall was divorced by his wife.

In December 1929 Mr. Marshall and Miss Best were married in New York.

NANCY



By Ernie Bushmiller



A scene from "Springtime Suite" which will be presented by the George Goncharoff School of Dance at the King's Theatre next Wednesday and Thursday.

FURTHER ADVICE GIVEN TO LUNG SUFFERERS

(Continued from Page 5.)

that the time had come when it would be profitable to train a group of medical officers in the early diagnosis of Tuberculosis so that they might be posted as Tuberculosis officers to the various Health Centres which it was desired to establish in all portions of the urban and rural areas.

Duties of Officers These officers would not only examine patients sent to them under suspicion, but would also be responsible for getting into touch with contacts. They would also keep a lookout for signs of early infection, so as to be in a position to advise remedial measures at a time when they might be calculated to be effective.

Such Health Centres would also act indirectly in attacking the disease by providing services for expectant mothers, new-born babies, toddlers, school children and those suffering from other so-called social diseases. Simple health talks and demonstrations, cinema and "talkies," pictorial museums and propaganda films, would also be arranged at these centres. This dream is not so far off either, for Government has given leave for certain urban and rural sites to be provisionally earmarked and has provided a taken sum in the Estimates for 1940-41 amounting to \$100,000 for clinics.

Other Government-sponsored activities which are likely to have a profound influence on the Tuberculosis question include the following:

STOCK MARKET REPORT

Hongkong Stock Exchange Official Summary issued yesterday says:

Trading continues on a broad scale. The price for Docks has shown some slight recession after touching \$21 1/2, but the demand is not yet satisfied. Electrics, Telephones & Wharves have also been in some demand. Hongkong Bank has come to business @ \$1,300 with further enquiries for scrip.

Buyers

Union Ins. \$430
Hotels \$5.15
Tramways \$17.10
Yau-mai Ferry \$23 1/2
Electric \$53 1/2
Telephones (Old) \$24 1/2
Ropes \$5.50
Watsons \$9.10
Entertainments \$63 1/2
Constructions (Old) \$15 1/2
Sales
H.K. Bank \$1,300
Union Ins. \$430
Wharves \$102
Docks \$21.30/1/2/60/34/70
Providents \$4.55
Hotels \$5 1/2
Electric \$53 1/2
Telephones (Old) \$24 1/2
Telephones (New) \$9.30
Cements \$17 1/2

- (a) hygienic camps for upwards of 12,000 homeless persons;
- (b) Nutrition-Research-Committee advice on nutrition and economic dietaries;
- (c) Town Planning Board to devise schemes for zoning, town-planning, slum clearance, etc.

Astronomical Expenditure By Belligerents

CASH COST OF WAR NOW £20,000,000 A DAY

WASHINGTON.—Europe's war is costing the belligerents possibly £20,000,000 a day in current cash outlay alone. Additional costs in losses of property, arms, and commercial revenue cannot be computed now.

The £20,000,000 is an estimate made from the best information available here.

A Look Through The "Telegraph"

50 YEARS AGO

Jan. 5, 1890. Victoria English Schools will reopen on Wednesday next, the 8th instant. The teaching staff in the Boys' Department has been increased by the arrival of Mr. Arthur A. Watts, C.M., of Cheltenham Training College. Miss S. E. Taylor, C.M., has been engaged to superintend the Girls' Department, which will, in future, be carried on in a separate building at 21, Elgin Street. In addition to the ordinary English subjects there will be classes for French, Latin, Chinese, Drawing and Singing.

25 YEARS AGO

Jan. 5, 1915. The damage at Hartlepool is estimated at £150,000. Recruiting in the West Riding is particularly active.

10 YEARS AGO

Jan. 5, 1930. The British Navy will have its full complement of nine aircraft carriers in service when H.M.S. Glorious is put into commission at Devonport on Tuesday. The Yee Sang Fat building standing on Queen's Road Central and having frontages also to D'Aguiar Street and Wyndham Street is to be demolished almost immediately and a modern cinema theatre and block of office property erected on the site thus cleared. (This is the King's.—Ed.)

5 YEARS AGO

Jan. 5, 1935. There were sensations at the continued trial of Bruno Hauptmann, and the crowded court was breathless when Colonel Charles Lindbergh identified the accused as the man to whom his intermediary, Gordon, paid \$50,000 ransom money for the return of the kidnapped Lindbergh baby. The abolition of the Sanitary Board and its replacement by an Urban Council is provided for in an Ordinance.

British Dominions and Colonies:

Canada.—A budget of £130,100,000 was voted in September, to include an additional war appropriation of £20,000,000. Defence expenditures for 1930-40, before the declaration of war, had been budgeted at £11,000,000, giving Canada a total of £30,000,000 for war.

Australia.—The current budget includes £21,038,400 for the war, but additional defence expenditures, as yet undisclosed, will be necessary. New Zealand.—The budget for 1930-40 was increased by £1,200,000 over the previous year, mainly for defence purposes. The Government also planned to borrow £12,800,000 for public works programme, which probably could be altered to conform to defence needs. Additional expenditures for war purposes have not been disclosed here.

India and South Africa: No figures available.

France:

If the French war costs were anything like the £1,000,000,000 appropriated by the British, the German figure would not seem extraordinary. The total Allied expenditures then would be £2,000,000,000 or better, against £2,500,000,000 for Germany.

A French Embassy spokesman said, however, that the British figure would be the greater of the two. A search for more detailed information brought a reply from one official that "a complete blackout" had fallen on French budget figures. Another said no information intelligible to Americans ever was available.

Budget proposals for 1939 included £125,585,000 for national defence under the Ministry of the Interior, more than a third of the budget total. Separate Army and Navy proposals did not appear in outlines available here. A total of £314,000,000 has been voted in war credits since hostilities started.

The two figures above give the £430,750,000 total used here, a total that seems slight for a Nation at war when American statesmen are talking of £400,000,000 for 1940 defence appropriations.

When France votes more money for 1940, its total will draw nearer the British figure, which covers three months in 1940, as well as nine in 1939.

OUR GUIDE TO THE CINEMAS

"Rulers of the Sea" (Alhambra): A tale of sailing ships versus the first ship to cross the North Atlantic under steam. Will Fyffe, Scots comedian, dominates the film with his characterization of the blustering old Scots mechanic who (according to this story) invented a marine engine in his back-yard. A tale of sea and adventure, a disappointment on its account a little over a hundred years ago. Douglas Fairbanks, Jun., appears as the rebellious mate of a sailing ship who accompanies Will Fyffe home one night with a fateful result. Director Frank Lloyd's storm scenes are magnificent.

"The Cat and the Canary" (Queen's): A Paramount re-make of the silent thriller in which Laura La Plante starred several years ago. Bob Hope makes a good job of the nervous hero whilst Paulette Goddard reveals genuine acting ability.

"Coast Guard" (Majestic): Dramatic story of lady-killer, aerial conquistador "Tore" who marries his island girl, falls to pieces when she leaves him and redeems himself by saving some friend's life. Starring Randolph Scott, Frances Hale and Lyle.

"Girls on Probation" (Oriental): Tragic story of prison probationary system's part in saving a young girl, persistently and wrongly accused, who finally assists the law against the real offenders. Excellent performance by Jane Bryan in leading role.

OLD SCREENS WANTED

The Emergency First Aid Post requires donations of old screens, old screw-top bottles. These should be sent to the Women's Air Raid Precautions Office, Colonial Secretariat. The Dandagong Class at the Helena May Institute will re-open on January 10 from 9.30 a.m.

Build up strength to AVOID COLDS and FEVERS



BE ON YOUR GUARD and make sure of vigorous red blood by taking Hall's Wine—the supreme tonic prepared from the formula of a well-known medical man. Hall's Wine builds up your strength, increases nervous energy and tones up the whole system—not after a lengthy course, but at once.

HALL'S WINE

—THE TONIC-BUILDER
FREE Wine Glasses. A crystal wine glass is given free with every large bottle you buy of Hall's Wine.

Agents: Gilman & Co., Ltd.

PURE BLOOD PERFECT HEALTH

"The Blood is the Stream of Life."

IMPURE BLOOD is the root cause of Skin Diseases, Bolls, Eczema, Rashes, Ulcers, Sores, Painful Joints, Rheumatic complaints. Unless the blood is cleansed of impurities and poisons, the arteries and internal organs are damaged, causing premature old age. The direct way to health is by purifying the blood with Clark's Blood Mixture.

In LIQUID or TABLET form. Of all Chemists and Stores. Ask for and be sure you get "Clark's Blood Mixture."



New CHAMPION SPARK PLUGS

Bring GREATER POWER

Worn-out spark plugs are the thief of power. Install new Champions and see the difference in speed, acceleration and power. They soon pay for themselves, too, in the fuel they save.

Champion Spark Plug Co., Toledo, O., U.S.A.

THE HONG KONG SOCIETY FOR THE PROTECTION OF CHILDREN

The Society asks for \$35,000

in 1940 to meet the increasing needs of sick and destitute children in Hong Kong. A copy of the Annual Report for 1939 may be obtained from:

Mr. A. McKELLAR, C.A.
c/o Mackinnon Mackenzie & Co.,
P. & O. Building
Mr. KWOK CHAN,
c/o The Banque de L'Indo-Chine,
Hong Kong.
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ASTOR HOUSE, PALACE HOTEL

In association with the Grand Hotel des Wagons-Lits, Peking

GORDON'S SHOE SALE

COMMENCES MONDAY, JANUARY 8th

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KING'S

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Allied Blockade Cuts Reich from 6 of 7 Seas DANUBE BECOMES THE NAZI LIFE-LINE

LONDON, Jan. 3 (UP).—Confronted with an Allied blockade which is slowly and surely tightening, it is reported that Germany is turning increasingly towards the Danube as a means of obtaining supplies and shipping her exports.

The Allied blockade has cut Germany off from all but one of the seven seas.

The exception is the Baltic, through which Germany is reportedly obtaining so far only Russian timber and Swedish iron ore.

Two-thirds of the latter have to be shipped round Norway's Atlantic coast.

Russian ships almost all of her oil, wheat, fodder, and manganese ore exports from Black Sea ports, where increased German trade with the South-east and Russia depends upon an extension of Danube shipping.

There are, however, technical difficulties in the way of unlimited expansion.

Water Too Low

Firstly, below Vienna the Danube rushes downhill with increasing force and upriver traffic is only practicable by tug convoys; secondly no vessel larger than 600 tons can pass the Iron Gate.

In summer and autumn the water is often too low even for such ships, whilst in winter the lower reaches, sometimes as far as Vienna, are wholly closed to ice.

The three German controlled companies, Donau Dampfschiffahrts Gesellschaft, Bayerische Lloyd and Czech S D P, own together between 350,000 and 400,000 tons of tugs, barges and lighters. In addition there are a further 375,000 tons of similar vessels sailing under Hungarian, Rumanian, and Yugoslav flags, as well as some British, Dutch, and French river tankers.

If all were available to Germany, it is stated that only half her pre-war trade could be carried by river.

It is believed that Germany intends to transfer tugs and barges from the Rhine, where shipping is almost paralyzed, but the Rhine-Meuse-Danube canal will need at least another year's labour before transfer will be possible.

Thus concentration on the Danube as a means of evading the blockade is not expected to provide an immediate solution to Germany's dilemma, despite starting upriver traffic at Turnu Severin, above the Iron Gate, with larger Rumanian tugs plying the lower part of the river from the Black Sea coast.

King Orders Windsor Estate to Be Ploughed

LONDON, Jan. 3 (UP).—The King has given orders that more land is to be put under the plough at his Windsor farms, so that extra crops of wheat and barley may be grown.

The vegetable production at Windsor Castle is also to be considerably increased.

The royal herds of pedigree cattle will be maintained.

The King's three year old colt Cosmopolitan has been sold privately to the British Bloodstock Agency. Cosmopolitan who won a sprint handicap at Newmarket in July is by Sir Cosmo out of Papilla.

MERCY SLAYER FACED WITH ELECTRIC CHAIR

NEW YORK, Jan. 2 (UP).—Authorities indicate that there will likely be little mercy for "Mercy" slayer Lawrence Rougeau, 26.

Their investigation seemed to prove that five-year-old James Fitzpatrick, his victim and step-son, had been a normal child in all respects.

Cotton Price Control

LONDON, Jan. 4 (Reuter).—The new Ministry of Supply order does not control raw cotton prices but, with certain exceptions, regulates the prices of single cotton yarn of American and Egyptian type by prescribing specific "margins" for each type and quality.

The controlled price of any yarn sold will be ascertained by adding an appropriate margin to the sum representing the cost of raw cotton used.

The system follows on a general line the existing voluntary yarn price agreement.

In general, the margins fixed are appreciably lower than those prevailing, and it is hoped that one important result will be to assist export trade.

Rougeau's case represented the worst fears of authorities and social workers come true. He had read in detail of two fathers who had killed their hopelessly imbecile sons.

A person of no great intelligence, Rougeau heard his step son murmur and moan in his sleep.

This convinced him, he told police, that the child was "going crazy like his mother," whose mind was deranged after childbirth.

He awakened Jimmy, told him they were going to play "cops and robbers," bound his hands and feet with neckties, then drowned him in the bathtub.

Gave Himself Up

Rougeau then left the tenement and surrendered to the policeman on the beat. His attitude was that he deserved sympathy if not commendation. He received neither. Charged by police with homicide, prosecuting authorities indicated he would be indicted for first degree murder which is punishable by death.

Rougeau acknowledged to authorities that he had been impressed by the melancholy roles in which the other mercy slayers had appeared. He wore, among other indications of a strong sense of vanity, an imitation of a star sapphire of a size that would be worth perhaps several hundred thousand dollars if genuine and flawless.

He knew even the names of his two New York predecessors—Louis Greenfield, a milliner, who killed his 17 year old imbecile son, and was acquitted by a jury of manslaughter, and Louis Repouille, who choked and formed his 13 year old imbecile son, Raymond. Both these children had been imbecile and physically deficient from birth and had been certified as hopeless by competent medical authority.

Repouille was released on \$5,000 bond provided by a surety company.

He was greeted in his tenement flat by his wife, Florence, who is sticking by him, and their four other children.

PORTUGAL HIT BY FLOODS

LISBON, Jan. 4 (Reuter).—The floods which hit Portugal in the past two days are growing worse and large areas are now under water. Some 60 villages are submerged and hundreds of head of cattle have been lost.

NEW U.S. LEGAL APPOINTMENTS

WASHINGTON, Jan. 4 (Reuter).—Mr. Francis Biddle, at present a Judge in the Circuit Court of Appeals, has been nominated Solicitor-General. Mr. Frank Murphy replaces Judge Pierce Butler, who died in November, on the Supreme Court.

He is the President's fifth nominee to the nine-men Court.

WASHINGTON, Jan. 4 (UP).—A few hours after attending the opening of the session, Representative Wallace E. Pierce, New York, died from a heart attack. He was the third Representative to succumb in 1940.

HOSPITAL BURNT DOWN

Shocking Action By Japanese Troops

SHANGHAI, Jan. 4 (Reuter).—The British Consul-General at Tsingtao has made representations to the Japanese following the burning of the English Methodist Mission hospital at Chuchia, near Wutungfu, in Shantung on December 25 by Japanese troops, in retaliation for alleged treatment of wounded guerrillas.

Before departing the Japanese are reported to have made a threat to burn the Church and foreign houses in the Mission compound at a later date.

Italian Envoy Returning

MOSCOW, Jan. 4 (Reuter).—The Italian Ambassador left for Rome tonight.

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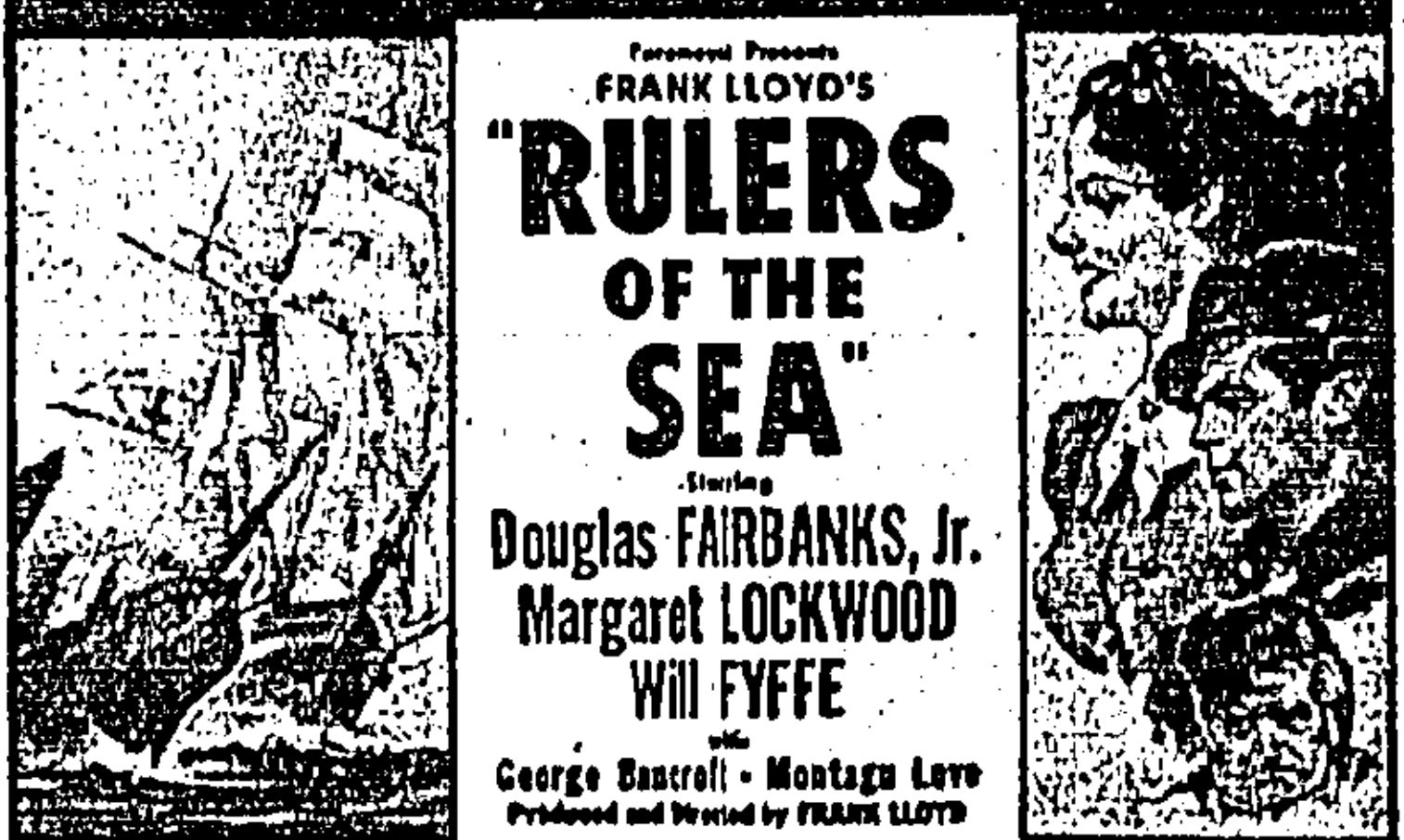
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LET US LIVE

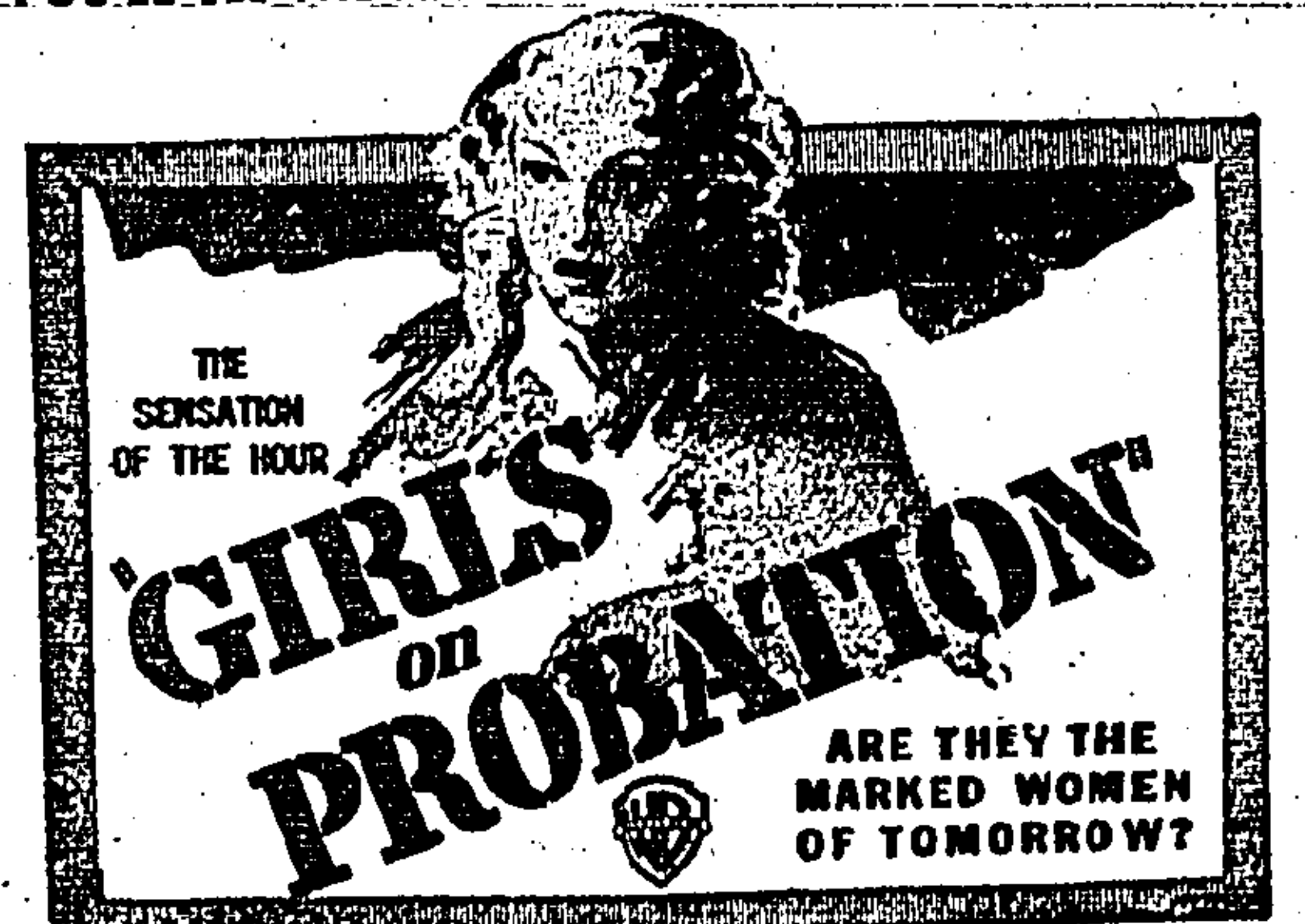
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From rich homes and poor, come hundreds of dangerous daughters. Will probation make these bad girls good or just give them another chance to be bad.

YOU'LL SEE THE ANSWER IN THIS AMAZING PICTURE!



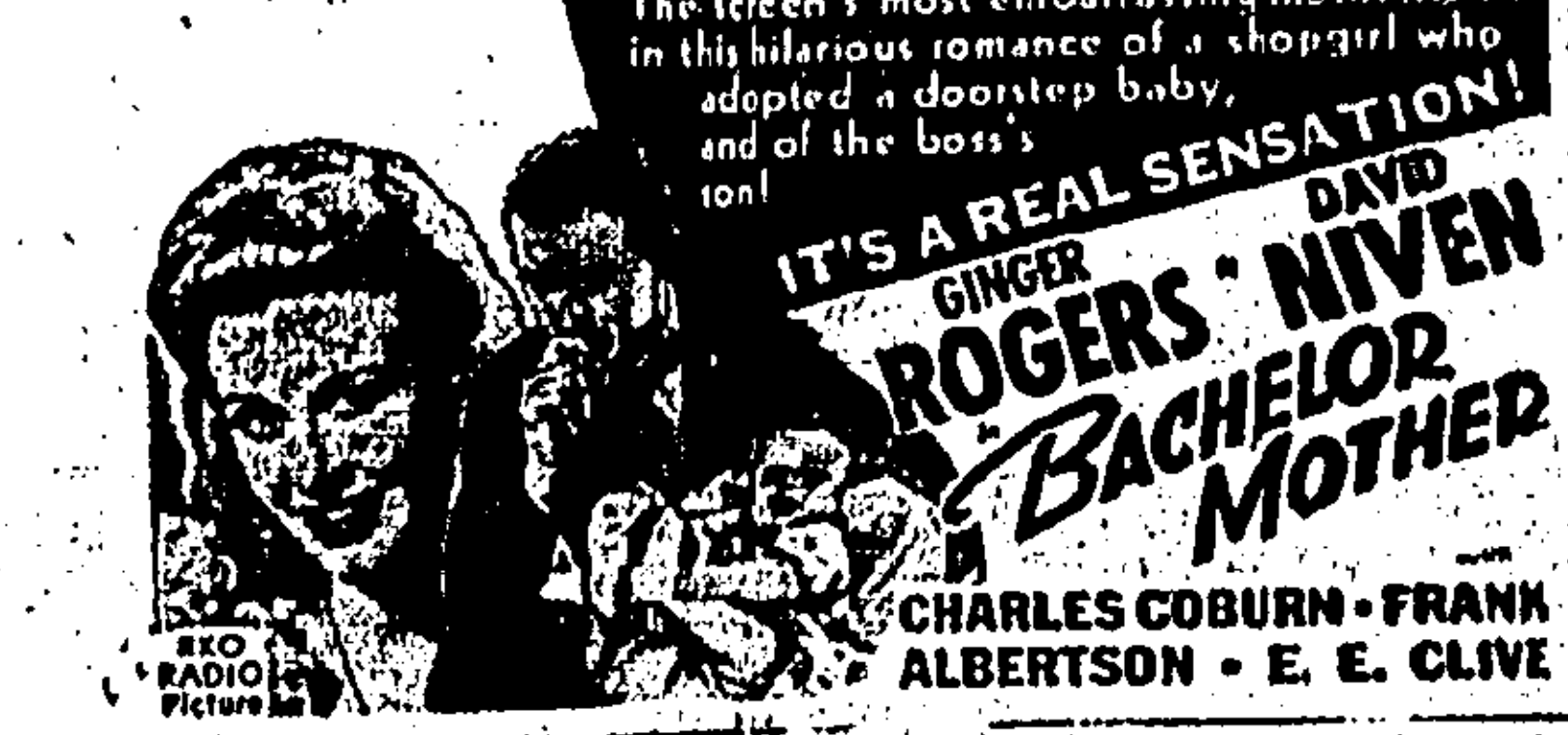
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RUSSIAN TERRITORY INVADDED AT 4 POINTS

FINNISH TROOPS STILL MAINTAIN OFFENSIVE

SPECIAL TO THE "TELEGRAPH"

ROVANIEMI, JAN. 4 (UP).—FINNISH INFANTRY HAS NOW PENETRATED INTO SOVIET RUSSIA FROM FOUR DIFFERENT POINTS.

The four spearheads are advancing into Russia across the frontier at unspecified areas which stretch from Lake Ladoga in the south to the Petsamo region in the north.

AMBASSADOR
PROPHESIES—

TERRIFIC ATTACK IN THE SPRING

Supreme Nazi Effort
To Gain An Empire

HITLER'S PLANS
PREPARED

SPECIAL TO THE "TELEGRAPH"

CHICAGO, Jan. 4 (UP).—"Germany will launch a terrific attack on the Allies by land, sea and air in the early spring."

"Hitler will order that every weapon his three forces possess—planes, submarines and mechanised units—be thrown into the battle in one supreme effort to achieve a Blitzkrieg victory."

"He hopes by this lightning stroke to achieve victory. If it fails, he will almost certainly suffer quick and overwhelming defeat."

This prediction was made to-day by the Marquis of Lothian, Britain's Ambassador to the United States, in an address to the Council for Foreign Relations.

March and April will be the danger months for the Allies, but the Marquis is confident that sea power, which the Allies indisputably possess, will be the "real key to victory."

WE WILL BEAT BRUNT

The brunt of Hitler's attack will, the Ambassador prophesies, be borne by Great Britain, as the Nazi dictator will almost certainly pin all his hopes on smashing England's supremacy at sea.

"If Germany can defeat England, either by a direct attack on her naval communications, or even on the Western Front, by invading France through Belgium or Holland, Hitler would certainly impose peace terms that would force us to surrender our fleet, or part of it, and also to surrender the naval bases by which the fleet may travel throughout the world."

"If that unthinkable defeat should happen to Britain, Germany would, without dispute, be on top of the world."

If Gamble Fails

"If Hitler's gamble fails, it is only a question of time before the relentless pressure of the Allied blockade will end Germany's capacity to carry on the war."

"Germany must attack in the early spring. She cannot wait beyond that time."

"Hitler, I believe, has already reached his decision to attack. It is a decision which might give Germany the supreme prize—a World Empire."

PLEASE Turn To Page 2.

You May Not Know—

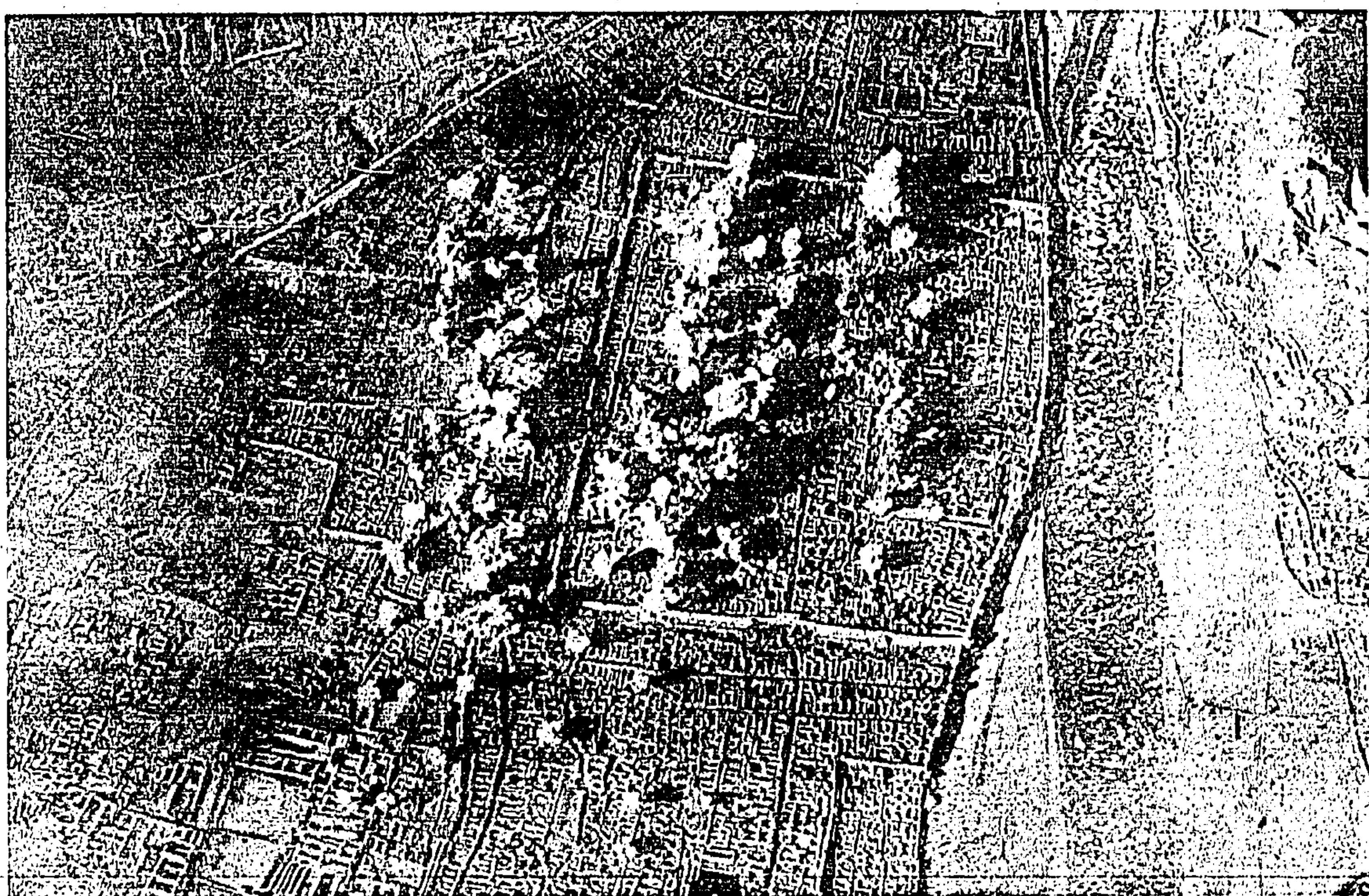
That the "Fisherman's Peninsula" (Finnish Kalasjakaari; Russian Ribachi), scene of Finn counter-offensive in the northernmost part of the district of Petsamo, which constitutes the Finnish corridor to the Arctic.

By the treaty of Dorpat in 1920, Russia ceded this territory to Finland. It had been disputed by Norway, Russia and Sweden (of which kingdom Finland was, until 1809, a province) for many centuries.

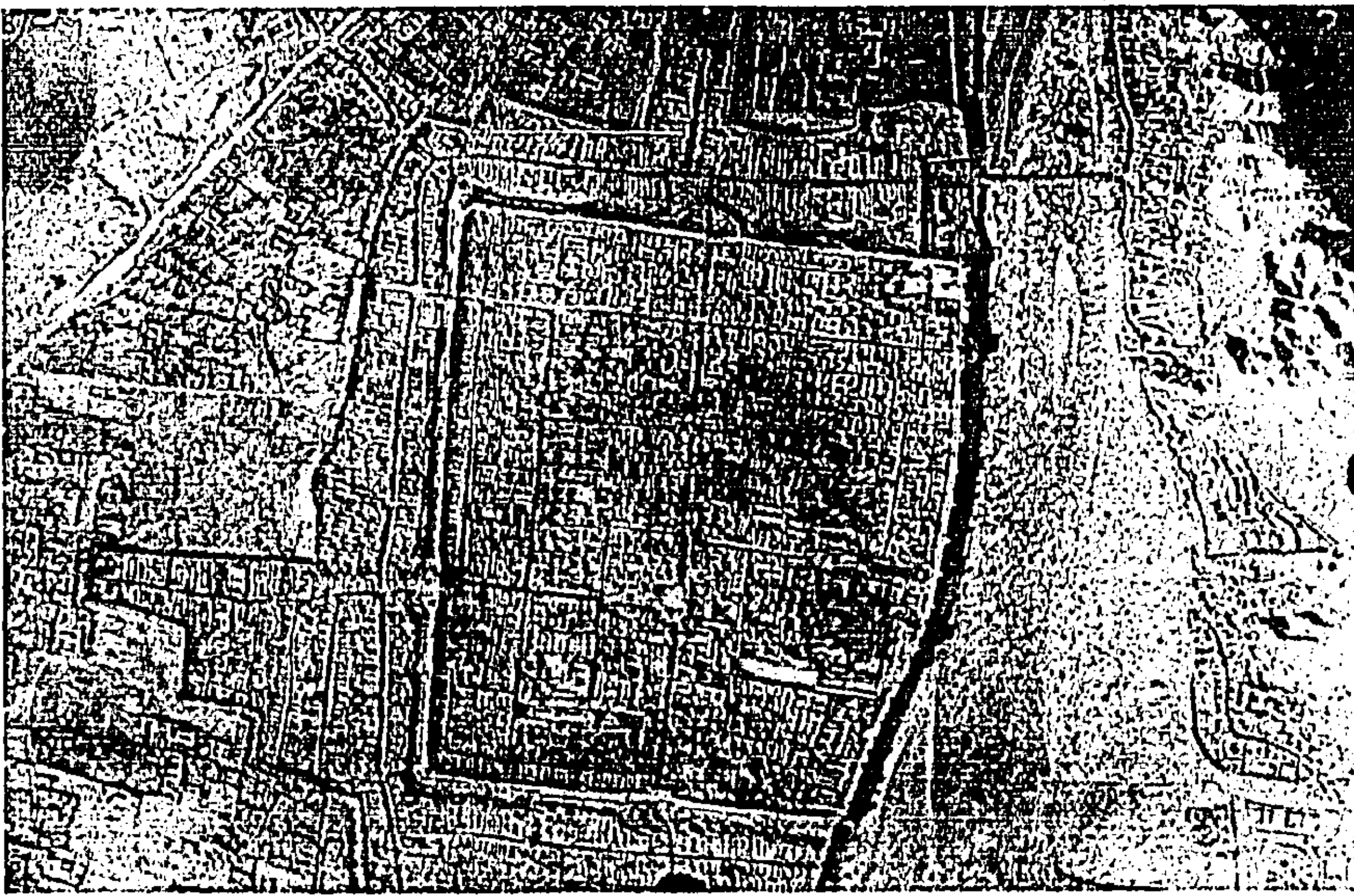
Only 17 miles separates Russia from Norway across this region of tundra-covered rocks and swamps. In the "corridor," however, are valuable nickel deposits (recently prospected by the Canadian International Nickel Corporation), inexhaustible water power (harnessed for electric power at Janiskoski) and Petsamo itself—an ice-free, deep-water harbour on the Arctic, with free access to the Atlantic.

Seizure of Petsamo locks Finland in the Baltic and gives Russia a common frontier with Norway.

THE MOST AMAZING PHOTO. OF THE WAR IN THE FAR EAST



THIS EXCLUSIVE PHOTOGRAPH is undoubtedly the most astonishing and graphic picture of an actual air raid ever taken. It was taken from a Japanese warplane whilst the recent great air raid on Lanchow, in which 90 Japanese planes participated, was in progress, and shows the simultaneous explosion of eighty bombs in the heart of the Chinese city, which suffered enormous damage. It will be noted from the photographs that the Japanese airmen by no means confined themselves to "military objectives," the entire walled city being made the object of their bombardment.—South China Photo Service. Copyright.



This photograph of Lanchow was taken from a reconnoitring plane an hour before the raid:

RAID OVER GERMANY

Allied Planes Roar
Deep Into Country

SPECIAL TO THE "TELEGRAPH"
PARIS, Jan. 4 (UP).—French reconnaissance planes to-day daringly roared over western Germany in a series of flights that took them 250 miles from the safety of their own lines.

Several flights were made over the highly industrialised regions of the Rhineland, Palatinat, Westphalia, Hesse and Bavaria.

The flights, from which all French planes returned safely, illustrate the contention that Germany's industrial positions are vulnerable to attack.

PLEASE Turn To Page 2.

WESTERN FRONT War Dismissed By Six Words

SPECIAL TO THE "TELEGRAPH"
PARIS, Jan. 4 (UP).—General Gamelin's war communiqués, which have become notorious for their brevity, still reveal little worthy of note on the Western Front.

He achieved almost a record for brevity to-day, when he issued his 246th communiqué—a document of six words.

It said: "The day was without important incidents."

Despatches from the front report, however, that there were several clashes between German and French troops.

PLEASE Turn To Page 2.

GRAF SPEE MEN DUE

5 Members Of Crew
Coming To H.K.

SPECIAL TO THE "TELEGRAPH"
MONTEVIDEO, Jan. 4 (UP).—Five Chinese who were aboard the Nazi pocket battleship Admiral Graf Spee when she was put to flight by three British warships have been released from internment and are to return to their native country.

The Chinese were members of the crew of the Admiral Graf Spee—serving aboard the warship as laundrymen.

They are embarking by the s.s. Oceania to-morrow for Teles.

PLEASE Turn To Page 2.

Japan & Soviet Near Amicable Agreement

SPECIAL TO THE "TELEGRAPH"

TOKYO, Jan. 5 (Domei).

Japan and Soviet Russia are nearer to a peaceful settlement of outstanding questions than at any time in their relations, as a result of the establishment of a joint Commission for demarcating the border between Manchukuo, Outer Mongolia and Russia.

It is pointed out in this connection that there have been over one thousand disputes between Japan and Russia regarding these boundaries.

The following five are the major disputes which it is hoped will be the first settled:

1.—Ownership of the delta of Khabarovsk. This was formerly Chinese territory but was occupied by Tsarist Russia. It is now strongly fortified by Soviet Russia;

River Changed Course

2.—Demarcation of the eastern border line near Tungning. This border line, which follows the course of a river, moved approximately 30 miles as a result of the great 1890 floods, Russia gaining a large area of new territory when the river followed its new course;

3.—Ownership of the highway of Shatusongong, regarding which the Japanese and Russians (which at one time assumed major proportions) was fought last year. Russia now prohibits all traffic along this route;

4.—Dispute over a small village of 64 houses which was established last century by Manchurian farmers on the northern bank of the Amur River (in Russian territory) and which was occupied by Tsarist Russia in 1900;

5.—Redemarcation of the western border between Manchukuo and Soviet Russia.

Turn For Better
SPECIAL TO THE "TELEGRAPH"

TOKYO, Jan. 5 (UP).—Russian-Japanese relations have taken a turn

or the better with the signing of the fishery agreement and the progress of territorial negotiations. Negotiations are to start for a long-term fishery pact to replace the existing Modus vivendi.

LATEST

See Back Page For
Further Late News

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1937 STUDEBAKER Coupe, 25 h.p., 20 miles per gallon. Only done 9,500 miles. Excellent condition. Licensed to July 1940. Price \$1,000. Will consider good offer. Box 567, "Hongkong Telegraph."

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TO LET. Comfortable nicely furnished room in Kowloon, good locality, five minutes from Ferry. Board, laundry, if desired. Box 564, "Hongkong Telegraph."

Under the Distinguished Patronage of H. E. The Governor Sir Geoffrey A. S. Northcote, K.C.M.G.

AGRICULTURAL SHOW

(Under the auspices of The New Territories Agricultural Association) to be held at Fanling (near the Fanling Railway Station) on Saturday and Sunday, January 6th and 7th, 1940.

H. E. The Governor has graciously consented to open the Show at 2.30 p.m. on January 6th 1940.

Prizes will be distributed by J. Barrow, Esq., District Officer, Northern District at 2.30 p.m. on January 7th 1940.

Concession rates kindly granted by the Kowloon-Canton Railway for visitors to the Show on the 10 a.m., 12 noon and 1.30 trainings from Kowloon, and any train from Fanling after 1.00 p.m. on both days:—

Class	Adults of 25 or more	Children
1st. (Return)	\$2.10	\$1.10
2nd. (Return)	\$1.40	70
3rd. (Return)	70	40

Tickets can be purchased either at Kowloon or Yau Tei Station and are available for date of issue only.

There will be a stall for the sale of vegetables grown by refugees under expert guidance, particularly in the matter of sanitation.

Admission: FREE.

1940

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G.  R.

PARTICULARS & CONDITIONS of the Sale by Public Auction to be held on Monday, the 8th day of January, 1940, at 3 p.m., at the Offices of the Public Works Department, by Order of His Excellency the Governor of one Lot of Crown Land at Cheung Sha Wan, in the Colony of Hong Kong, for a term of 75 years, commencing from 1st July, 1898, with the option of renewal at a Crown Rent to be fixed by the Surveyor of His Majesty the KING, for one further term of 24 years less the three days thereof.

Intending bidders are advised that immediately after the disposal of the lot the Purchaser (if not the applicant) will be required to deposit with an authorised officer who will be present at the sale, the sum of two hundred dollars, (\$200) in cash. This sum will be refunded on payment of the Purchase price.

PARTICULARS OF THE LOT.

No. of Sale	Registry No.	Locality	Boundary Measurements				Contents in sq. feet	Ann. Rent	Upst Price
			N.	S.	E.	W.			
1	New Kowloon Inland Lot No. 2153	Adjoining New Kowloon Inland Lot No. 2154, Castle Peak Road.	100	100	100	100	40,000	\$12	\$2,100

G.  R.

PARTICULARS & CONDITIONS of the Sale by Public Auction to be held on Monday, the 8th day of January, 1940, at 3 p.m., at the Offices of the Public Works Department, by Order of His Excellency the Governor of one Lot of Crown Land at Ma Tau Kok, in the Colony of Hong Kong, for a term of 75 years, with the option of renewal at a Crown Rent to be fixed by the Surveyor of His Majesty the KING for one further term of 75 years.

Intending bidders are advised that immediately after the disposal of the lot the Purchaser (if not the applicant) will be required to deposit with an authorised officer who will be present at the sale, the sum of two hundred dollars, (\$200) in cash. This sum will be refunded on payment of the Purchase price.

PARTICULARS OF THE LOT.

No. of Sale	Registry No.	Locality	Boundary Measurements				Contents in sq. feet	Ann. Rent	Upst Price
			N.	S.	E.	W.			
2	New Kowloon Inland Lot No. 4217	Adjoining New Kowloon Inland Lot No. 4218, Wei Road.	100	100	100	100	40,000	\$12	\$2,100

HELM BROTHERS LIMITED YOKOHAMA

The Undersigned are authorised to give notice that as at 13th September, 1939, James T. Helm and William C. Helm resigned from the Board of the above Company.

for HELM BROTHERS LIMITED LINSTED & DAVIS.

RAID OVER GERMANY

FROM PAGE ONE

It is emphasised that the flights were purely for reconnaissance purposes, and no bombs were dropped.

R.A.F. Flights Over Germany LONDON, Jan. 5 (Reuter).—The Air Ministry announced last night that the R.A.F. made successful reconnaissance flights over northern Germany, and that patrols flew over sea-plane bases at Heligoland Light.

All the machines returned safely.

Italian Envoy Returning

MOSCOW, Jan. 4 (Reuter).—The Italian Ambassador left for Rome to-night.

America Will Build Eight Big Battleships As Part Of President's Great Naval Defence Plan

COLOSSAL AMERICAN BUDGET FOR DEFENCE ANNOUNCED

SPECIAL TO THE "TELEGRAPH"

WASHINGTON, JAN. 4 (UP).—PRESIDENT ROOSEVELT, IN HIS MESSAGE TO CONGRESS, HAS BUDGETTED FOR THE ADMINISTRATION'S ELEVENTH CONSECUTIVE DEFICIT, DESPITE THE FACT THAT HE HAS CUT EXPENDITURE BY \$65,000,000 AS COMPARED WITH THE CURRENT FISCAL YEAR.

The 1941 Budget introduced by the President to-day totals \$8,424,000,000 which, although lower than the 1940 estimates, is the third highest Budget in the nation's history.

WHY HITLER DAREN'T BOMB BRITAIN

WE CAN CRUSH HIS ARMADA

SPECIAL TO THE "TELEGRAPH" LONDON, Jan. 4.—Britain now has enough fighter planes on the Home Front to overwhelm the biggest mass formation of bombers that Germany could send against her.

That is why Hitler has not dared to bomb Britain. Our Air Force, it is now revealed, can always keep more than 2,300 planes flying—at home, alone—however many may be lost in fighting.

At least 800 of these first-line planes are high-speed fighters, ready to defend you.

These figures do not include the squadrons sent to France at the outbreak of war, the reserves available for the Western Front and the Home Front, the large numbers of new aircraft with the Fleet Air Arm and at overseas garrisons, or training machines.

When Germany revealed in 1934 that she intended to build a new air fleet of 1,000 first-line machines with adequate reserves, and that hundreds of the planes were then ready, it was decided that we should build a first-line strength at home of 1,500 aircraft.

This was later increased to 1,750, and then to over 2,000, to be completed by the Spring of the present year.

Since every Squadron of the R.A.F. has a 50 per cent. reserve with it, for rapid replacement of casualties, the real strength of the Home Defence force is at least 3,000 warplanes.

Behind them is a vast stored and secret reserve, figures of which cannot be revealed.

Lord Nuffield's new factory, now in full production, has on order for 1,000 Spitfire fighters alone, which will swell the total of defending aircraft in 1940.

Face Too Hot

The present production of the British aircraft industry is the fruit of five years of careful planning, which will assure a prodigious output of warplanes, aero engines, and instruments all through 1940, the peak year of the effort planned when rearmament began.

There is nothing that Germany can do to beat this magnificent effort.

It may be doubted, in view of the Navy's grip on Germany through the Contraband Patrol, whether Nazi output is able to keep up to anything approaching this pace.

U.S. Neutrality Believed to be Weakened

NAZIS SEE THREAT IN ROOSEVELT'S SPEECH

AMSTERDAM, Jan. 4 (Reuter).—President Roosevelt's speech is regarded from beginning to end as an attack on Germany, according to German political circles quoted by the Berlin correspondent of the "Telegraph."

It is considered that President Roosevelt has weakened America's attitude of neutrality.

The opinion is further strengthened by the report that the U.S. Secretary of the Navy, Mr. Charles Edison, has proposed placing certain industries under the direct control of the State. It is recalled that American authorities obtained the same powers in 1917, a month or two before America entered the war, and although it is too much to claim that this step is an indication of American intention to participate in the war, there is less confidence in the continuance of America's neutrality in all circumstances.

French Reactions To Speech PARIS, Jan. 4 (Reuter).—That the Allied cause will have a moral victory before a material one is the

Relief costs have been drastically cut in order to provide new emergency defence expenditure of \$460,000,000. This is in addition to the ordinary defence expenditure.

In his message, President Roosevelt opposes taxation which will curtail consumer purchasing power.

Although not revealed, it is believed that he contemplates increases in income, estate and inheritance taxes. The estimated deficit is \$2,976,000,000. As a result the National Debt—already a record—will be increased to \$14,338,000,000.

America's Fiscal Problems

WASHINGTON, Jan. 4 (Reuter).—In the course of his review of fiscal policy in his Budget speech, President Roosevelt pointed out that the deliberate use of government funds to encourage private enterprise has profoundly affected both government and private incomes.

The national income in four years has risen 90 per cent.—the biggest rise for any similar period in history.

Expenditure Cuts The Works Progress Administration will be enabled to provide employment for an average of 135,000 people. The Farm Security Administration will operate on about 80 per cent. of last year's level.

Relief expenditure will be closely geared to actual needs, but if the present hopes are disappointed, revised estimates might be substituted later in the session.

Replying to the criticism of the public debt, President Roosevelt pointed out that there are no public debts which are constructed or purchased by the Government, though these are never yet listed.

Expenditure estimates include nearly \$150,000,000 in the construction of merchant shipping.

One of the largest army construction projects is \$120,000,000 for barracks in Hawaii.

Bigger Income Tax?

The President did not tell Congress how to raise the proposed new defence taxes, but suggested that they should follow the principle of taxing according to the ability to pay and that taxes which increase the consumer's buying power.

It is generally believed that this rules out the excise taxes and suggests the possibility of higher income taxes.

P. I. Restrictions Removed

Cabin class passengers embarking at Hongkong for ports in the Philippine Islands are no longer required to furnish themselves with cholera immunization certificates.

The provisions regarding immunization and stool examination remain in force for steerage type passengers, regardless of the class of transportation occupied.

£500,000,000 FOR ARMY AND NAVY

SPECIAL TO THE "TELEGRAPH"

WASHINGTON, Jan. 4 (Domei).—Although expenditure in President Roosevelt's 1941 Budget is lower than that anticipated in the current fiscal year, it sets records in several respects.

Expenditure on Defence will reach the all-time record of \$2,000,000,000 (\$500,000,000).

Revenue is estimated at \$5,548,000,000 (£1,387,000,000).

Expenditure is estimated at \$8,428,000,000 (£2,107,000,000).

The deficit will therefore be \$2,876,000,000 (£719,000,000)—another record.

Estimated revenue represents an increase of \$382,000,000 over the current fiscal year.

Estimated expenditure is \$675,000,000 less.

The estimates for the Navy provide \$369,000,000 (£92,250,000) for the construction of new warships.

They will include two 45,000-ton battleships. They will be the biggest and most powerful in the world.

48 SHIPS TO BE BUILT

Six other battleships, two aircraft carriers, six light cruisers, 14 submarines, 30 destroyers, two flotilla leaders, one minesweeper, one repair ship, one submarine depot ship, six seaplane tenders, one mine-layer, four submarine destroyers and eight torpedo-boats are included in the estimates.

In addition, the estimates provide for the re-conditioning and re-equipping of two battleships, an aircraft carrier, two cruisers, eight destroyers, six submarines, a submarine depot ship, three seaplane tenders, a mine-sweeper and five over-age battleships and three over-age submarines.

Among the warships to be re-conditioned are the U.S.S. Lexington and U.S.S. Saratoga, America's two biggest aircraft carriers.

\$95,000,000 Increase The ordinary Defence appropriations requested by President Roosevelt amount to \$1,530,000,000 (£384,750,000).

Coupled with various other appropriations connected with military enterprises, the total is brought up to \$2,330,000,000 (£582,500,000), which is an increase of \$362,000,000 (£90,500,000) over the current expenditure.

In addition to the construction of 80 new warships, President Roosevelt seeks the expenditure of \$50,000,000 (£12,500,000) for the construction of an air base at Alameda, the terminus of the existing trans-Pacific air line to Hongkong, the building of a new dry-dock at San Francisco and preliminary work on the construction of a naval base at Pearl Island.

The Maritime Affairs Commission will absorb \$140,000,000 (£37,250,000) of the Budget.

Ordinary expenditure on the U.S. Army will total \$956,000,000 (£239,000,000).

All-Time Record

SPECIAL TO THE "TELEGRAPH" WASHINGTON, Jan. 4 (UP).—President Roosevelt's defence appropriations are an all-time record for the United States.

They envisage the simultaneous construction in American yards of ten super battleships and 106 other war craft.

The defence items will absorb one quarter of the entire Budget.

The President has requested that naval aircraft be increased to 3,000, and the Army to 6,550 planes, making a total of 9,550 planes in the commission by the end of 1941.

He has also requested that the armed forces be increased to 227,000 in the Regular Army, 235,000 in the National Guards, 160,911 in the Navy and 25,000 in the Marines, making a total of 647,911 men.

Big Deficit WASHINGTON, Jan. 4 (Reuter).—The Budget estimates expenditure to total \$8,424,000,000 and receipts to total \$5,548,000,000 with an estimated deficit of \$2,876,000,000, compared with \$3,033,000,000 in the last budget. The President makes recommendations of new taxation amounting to \$400,000,000, reducing the deficit to \$1,710,000,000.

Programmes other than national defence are estimated to swallow up \$1,300,000,000 on work relief; \$900,000,000 on public works and investments; \$1,200,000,000 on pensions; \$1,100,000,000 in interest on public debt and \$1,000,000,000 on operation of Government departments.

The President said that expenditure represented the needs to develop and maintain normal defence preparations and emergency defence activity.

"The air force reconnoitred over France and the North Sea. One British plane was shot down near Aix-la-Chapelle after flying over Luxembourg. The plane crashed near the frontier on Belgian territory."

POST OFFICE

INWARD MAILS

Canton and Straits Jan. 5.
Cebu and Manila Jan. 6.
Japan and Shanghai Jan. 6.
Manila Jan. 6.
Shanghai Jan. 6.
Shanghai and Swatow Jan. 6.
Straits and Saigon Jan. 6.
Haiphong Jan. 7.
Saigon Jan. 7.
Air Mail by "Imperial Airways Direct Service"—London date, 30th Dec.

Japan Jan. 8.
Shanghai Jan. 8.
Europe via Suez and Straits (London Date, 18th November) Jan. 9.
Japan and Shanghai Jan. 9.
Straits Jan. 9.
Air Mail by "Air France Direct Service"—Paris date, 3rd January.
Java and Manila Jan. 10.
Manila Jan. 10.
Manila Jan. 10.
Rabat and Manila Jan. 10.
Shanghai Jan. 10.

OUTWARD MAILS

Friday, Jan. 5.
Bangkok 7.00 p.m.
Saturday, Jan. 6.
Shanghai and Japan 8.30 a.m.
Straits 9.30 a.m.
Saigon 10.30 a.m.
Haiphong 1 p.m.
Air Mail by "Imperial Airways Direct Service"—Due London, 14th January.
G.P.O. and K.F.O.
Reg. Jan. 6, 5.00 p.m.
Ord. Jan. 6, 5.30 p.m.

Sunday, Jan. 7.
Fort Bayard and Hanoi 8.00 a.m.
Parcels only for Shanghai 9 a.m.
Shanghai and Japan 9 a.m.
Monday, Jan. 8.
Canton and Saigon 7.15 a.m.
Touane and Saigon 9.30 a.m.
Bangkok 10.30 a.m.
Haiphong 1.00 p.m.
Shanghai and Straits 3.30 p.m.
Japan 7.00 p.m.
Canton 7.00 p.m.

Tuesday, Jan. 9.
Parcels only for Haiphong 1 p.m.
Air Mail by "Imperial Airways Direct Service"—Due London, 17th January.
K.F.O.
Reg. Jan. 9, 5 p.m.
Ord. Jan. 9, 5.30 p.m.

Wednesday, Jan. 10.
Reg. Jan. 10, 5 p.m.
Ord. Jan. 10, 5.30 p.m.

Thursday, Jan. 11.
Reg. Jan. 11, 5 p.m.
Ord. Jan. 11, 5.30 p.m.

Friday, Jan. 12.
Reg. Jan. 12, 5 p.m.
Ord. Jan. 12, 5.30 p.m.

Saturday, Jan. 13.
Reg. Jan. 13, 5 p.m.
Ord. Jan. 13, 5.30 p.m.

Sunday, Jan. 14.
Reg. Jan. 14, 5 p.m.
Ord. Jan. 14, 5.30 p.m.

Monday, Jan. 15.
Reg. Jan. 15, 5 p.m.
Ord. Jan. 15, 5.30 p.m.

Tuesday, Jan. 16.
Reg. Jan. 16, 5 p.m.
Ord. Jan. 16, 5.30 p.m.

Wednesday, Jan. 17.
Reg. Jan. 17, 5 p.m.
Ord. Jan. 17, 5.30 p.m.

Thursday, Jan. 18.
Reg. Jan. 18, 5 p.m.
Ord. Jan. 18, 5.30 p.m.

Friday, Jan. 19.
Reg. Jan. 19, 5 p.m.
Ord. Jan. 19, 5.30 p.m.

Saturday, Jan. 20.
Reg. Jan. 20, 5 p.m.
Ord. Jan. 20, 5.30 p.m.

Sunday, Jan. 21.
Reg. Jan. 21, 5 p.m.
Ord. Jan. 21, 5.30 p.m.

Monday, Jan. 22.
Reg. Jan. 22, 5 p.m.
Ord. Jan. 22, 5.30 p.m.

Tuesday, Jan. 23.
Reg. Jan. 23, 5 p.m.
Ord. Jan. 23, 5.30 p.m.

Wednesday, Jan. 24.
Reg. Jan. 24, 5 p.m.
Ord. Jan. 24, 5.30 p.m.

Thursday, Jan. 25.
Reg. Jan. 25, 5 p.m.
Ord. Jan. 25, 5.30 p.m.

Friday, Jan. 26.
Reg. Jan. 26, 5 p.m.
Ord. Jan. 26, 5.30 p.m.

Saturday, Jan. 27.
Reg. Jan. 27, 5 p.m.
Ord. Jan. 27, 5.30 p.m.

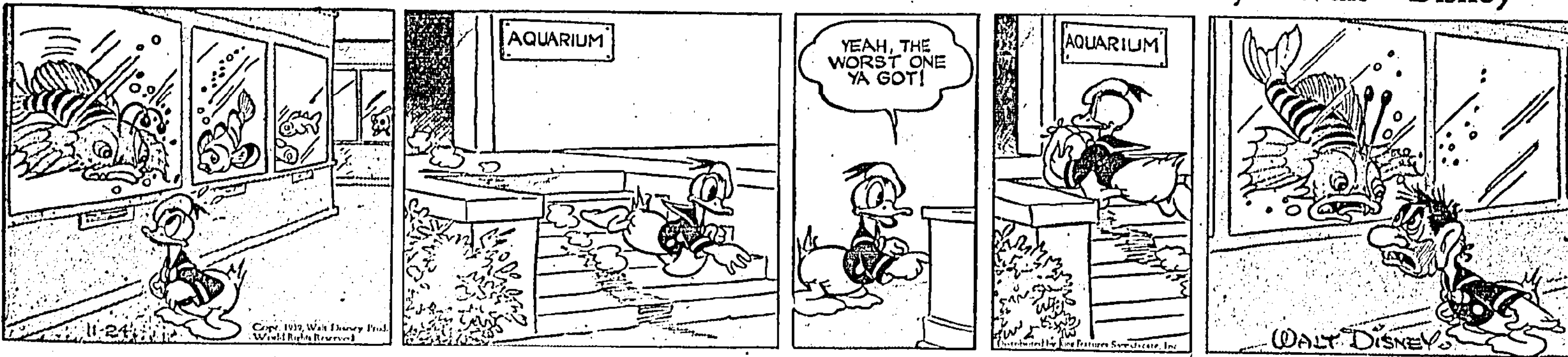
Sunday, Jan. 28.
Reg. Jan. 28, 5 p.m.
Ord. Jan. 28, 5.30 p.m.

Monday, Jan. 29.
Reg. Jan. 29, 5 p.m.
Ord. Jan. 29, 5.30 p.m.

Tuesday, Jan. 30.
Reg. Jan. 30, 5 p.m.
Ord. Jan. 30, 5.30 p.m.

Wednesday, Jan. 31.
Reg. Jan. 31, 5 p.m.
Ord. Jan. 31, 5.30 p.m.

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Round-Up of Suspects Begins in Irish Free State

EIRE SIGNS DEATH WARRANT OF IRISH REPUBLICAN ARMY

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6.00 An hour of Variety with Chapman and Dwyer, The Hill Billies, The Boswell Sisters, Harry Roy's Tiger-Itanagullins, and Others.

7.00 Closing Local Stock Quotations.

7.02 Gerald and His Orchestra.

7.30 London Relay—The News.

8.00 Local Time Signal, Weather Report and Announcements.

8.02 Latest Variety. Accordion Band, "Carry On" Melodies.—It's a long way to Tipperary; Keep the home fires burning; Hello, hello, who's your lady friend?; Pack up your troubles; There's a long, long trail; Take me back to dear old Blighty; Prins's song; Accordion Band, "I'm Sending You The Signified Line Adolf, Billy Cotton and His Band, Run, Rabbit, Run! The Girl Who Loves A Soldier, Jack Hylton and His Orchestra, Ain't Cha Comin' Out, Dick Robertson and His Orchestra, The Outside Looking In, Billy Cotton and His Band, There'll Always Be An England, Wish Me Luck, Billy Cotton and His Band, Band Music, Cavalcade of Martial Songs.—The King's Horses; The Toy Town Artillery; The Tin-Can Fusiliers; When the guards are on parade; There's something about a soldier; When a soldier's on parade; When the band goes marching by; The Toy Drum Major, The Band of H. M. Welsh Guards, The Washing On The Siegfried Line, When A Black Sheep Meets a White Sheep, Billy Cotton and His Band, Charlie Kunz, Piano Medley No. 10.—Don't worry 'bout me; Our love; And the angels sing; Especially for you Angels never leave heaven; Goodnight, my darling, goodnight. The Shabby Old Cobby, The Moon Remembered But You Forgot, Elsie Carlisle, I Poured My Heart Into a Song, An Old-Fashioned Tune Always is New, Jack Hylton and His Orchestra.

9.05 Studio—Comments on Recent Events.

9.15 London Relay—News Summary.

9.30 London Relay—"World Affairs."

9.45 Spanish Music.

10.00 B.B.C. Recording, Vaudeville Programme. The Cast includes Alexander and Mose; Charlie Coburn, Barnaby Williams, Anne Winn, Tommy Handley, Lily Montagu, The B.B.C. Dance Orchestra. The programme composed by Tommy Handley.

11.00 Close Down.

WASHINGTON, Jan. 4 (UP).—A few hours after attending the opening of the session, Representative Wallace E. Pierce, New York, died from a heart attack. He was the third Representative to succumb in 1940.

ALL THE LATEST POPULAR RECORDS

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F1505 F. D. R. Jones "Little dog laugh".....Van Staten and his Music.

F1506 Lady's in love with you.....Nat Gonella and his Georgians.

F1507 Shoot the flicker to me John Boy.....Nat Gonella and his Georgians.

F1508 Love serenade "Let freedom ring".....Victor Sylvester & Orch.

F1509 If I were sure of you.....Victor Sylvester & Orch.

F1510 There's danger in the waltz.....Victor Sylvester & Orch.

F1511 I never knew heaven could speak.....Victor Sylvester & Orch.

F1512 I go for that.....Victor Sylvester & Orch.

F1513 One life.....Billy Thorburn and his Music.

F1514 Secreted to an empty house.....Billy Thorburn and his Music.

F1515 Little golden ring.....The organ, the dance band and Me.

F1516 Good night my darling, goodnight.....The organ, the dance band and Me.

F1517 Wish me luck as you say goodbye.....Leslie Hutchinson.

F1518 Moon remembered but you forgot.....Leslie Hutchinson.

F1519 Why begin again.....Joe Daniels and his Hot Shots.

F1520 Dardanelle.....Ivor Morison and Dave Kaye.

F1521 Canadian Capers.....Phillip Green and Orch.

F1522 Tin Pan Alley Medley.....Phillip Green and Orch.

F1523 Valencia.....Ca Cest Paris.

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New War Taxation for Germans Grabs Savings

SPECIAL TO THE "TELEGRAPH"

BERLIN, Jan. 4 (UP).—New war taxation is to be imposed on the German people.

This will be in addition to the compulsory saving of part of all incomes above a certain level, which was recently decreed.

Under the recent decree, portion of all incomes above 400 reichsmarks a month must be placed in special savings accounts. The amounts will, presumably, be invested by the savings banks in State obligations for financing the war.

The D.N.B. (official German news agency) says that General Goering has decreed further centralisation of national economy in order to tighten up production "in order to meet the British blockade."

Goering As Dictator

BERLIN, Jan. 5 (Reuter).—Field Marshal Hermann Goering has been

given a new post, which makes him Germany's economic dictator.

Funk's Trade

SPECIAL TO THE "TELEGRAPH"

SAARBURG, Jan. 4 (UP).—The most worried man in Germany today is Dr. Walter Funk, the Nazi economist who succeeded Dr. Schacht as Minister of Economic Affairs.

Dr. Funk expressed his worry in a broadcast last night.

Almost emotionally, he charged that Great Britain was attempting to destroy the "ideology of a rising nation and overthrow the social welfare which Nazi Germany had brought to German workers."

"Britain is attempting to deprive German workers of the cultural amenities of life," he screamed.

"They are trying to lead neutral countries against Germany for their own benefit."

"By crushing Germany, Britain aims to maintain its monopolistic position in the world's key raw material markets."

Dr. Funk naively suggested that Britain aimed at world monopoly at the expense of neutral countries.

"Germany's relations with neutral countries on the other hand, are regulated by an earnest desire for mutual understanding."

"Britain's methods of prosecuting the war by encircling Germany will never succeed."

uniforms and other clothing. Even the richest Germans, it is reported, are finding it hard to obtain new clothes which are particularly needed now because of the very cold winter.

No Food Shortage

Generally speaking, however, there is no serious food shortage provided that one has the money to pay for it, but the fare obtainable is monotonous, and to a certain extent lacking in nutrition.

Freezing German waterways are holding up coal deliveries. This, combined with the shortage of clothing and the extreme cold, augurs ill for the comfort of the Germans for the remainder of the winter.

THEY FEEL THE PINCH

Front Line Soldiers Short Of Clothes

COPENHAGEN, Jan. 4 (Reuter).—According to reports reaching here, the Allied economic warfare is now being felt in Germany, even among the troops in the Siegfried Line.

The reports assert that many men are in want of new

SPECIAL TO THE "TELEGRAPH"

DUBLIN, Jan. 4 (UP).—Eire has signed the death warrant of the Irish Republican Army.

This is the consensus of opinion regarding the new Emergency Powers Bill, which passed its final reading in both Houses of the Dail last night, and becomes law to-day with the President's signature.

The Act authorises the Government to detain, without trial, any citizen of Eire suspected of treason or of allegiance to the I.R.A.

A round-up of I.R.A. suspects has already commenced.

Twenty were arrested in Cork last night, following the death of a detective.

Other arrests are momentarily expected throughout the country.

Irish Army Is Undermined

DUBLIN, Jan. 4 (Reuter).—In the Eire Senate to-day, Professor Michael Tierney said that he was not surprised at the raid on the magazine in Phoenix Park.

It was patent to anybody familiar with what was going on in the army that things were bad.

Discipline was undermined and there were irregularities which would never be permitted in any ordinary army.

National Govt. Urged

Professor Tierney urged the formation of a National Government and said that unless the two principal parties in Eire came to some arrangement, they would soon find that the country had no use for either of them or for Parliamentary institutions.

General Richard Mulcahy urged co-operation between the governments of Eire, Great Britain and Ulster, so that Eireann citizens would not be allowed to damage property or endanger lives in North Ireland or Britain, or endanger political relations between Eire and Britain.

"Must Have Discipline"

DUBLIN, Jan. 4 (Reuter).—While the Senate was sitting, the Dail considered another Bill which seeks to put into permanent form, legislation authorising the detention of persons suspected of activities against the State.

It is necessary, for the Government to introduce this Bill in order to repeal the second part of the Offences Against the State Act, which Mr. Justice Duffy recently pronounced unconstitutional.

Mr. Alken, the Minister of Defence, said: "When small nations are falling like nine-pins all over the world, if this small nation is to survive, it must have discipline, and the Government must have the support of all good citizens in suppressing revolutionary activities."

Over 20 Arrests Made

LONDON, Jan. 4 (Reuter).—It is now reported that over 20 men were arrested to-day in the city and county of Cork.

The arrests are believed to be part of a general round-up of Republicans.

Mr. De Valera's Hint

DUBLIN, Jan. 4 (Reuter).—The Dail has passed the final stages of the Offences Against the State Bill by 62 votes to seven.

Labour and one Independent voted against, but the Opposition supported the Government.

Mr. Eamon de Valera, in the course of the debate, said that carelessness in routine was responsible for the magazine fort raid and remarked that it would be serious if the Act was unconstitutional.

If such were the case, it would be necessary to change the Constitution.

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YOU'VE PROBABLY NEVER GIVEN A THOUGHT.
THE BACK! YET THROUGH IT YOU CAN EASILY
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No Law—West of Dodge
City..No God!

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12 Volts \$46.00
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DEATH

FORSTER.—On Thursday, January 4,
1940, at the French Hospital,
William Linton Foster, aged 75
years, late Chief Officer S.S.
"Clifton Chow." Funeral will
pass the Monument at 5 p.m.
to-day.

The

Hongkong Telegraph.

Friday, January 5, 1940.

Wyndham St., Hongkong

Telephone: 26615

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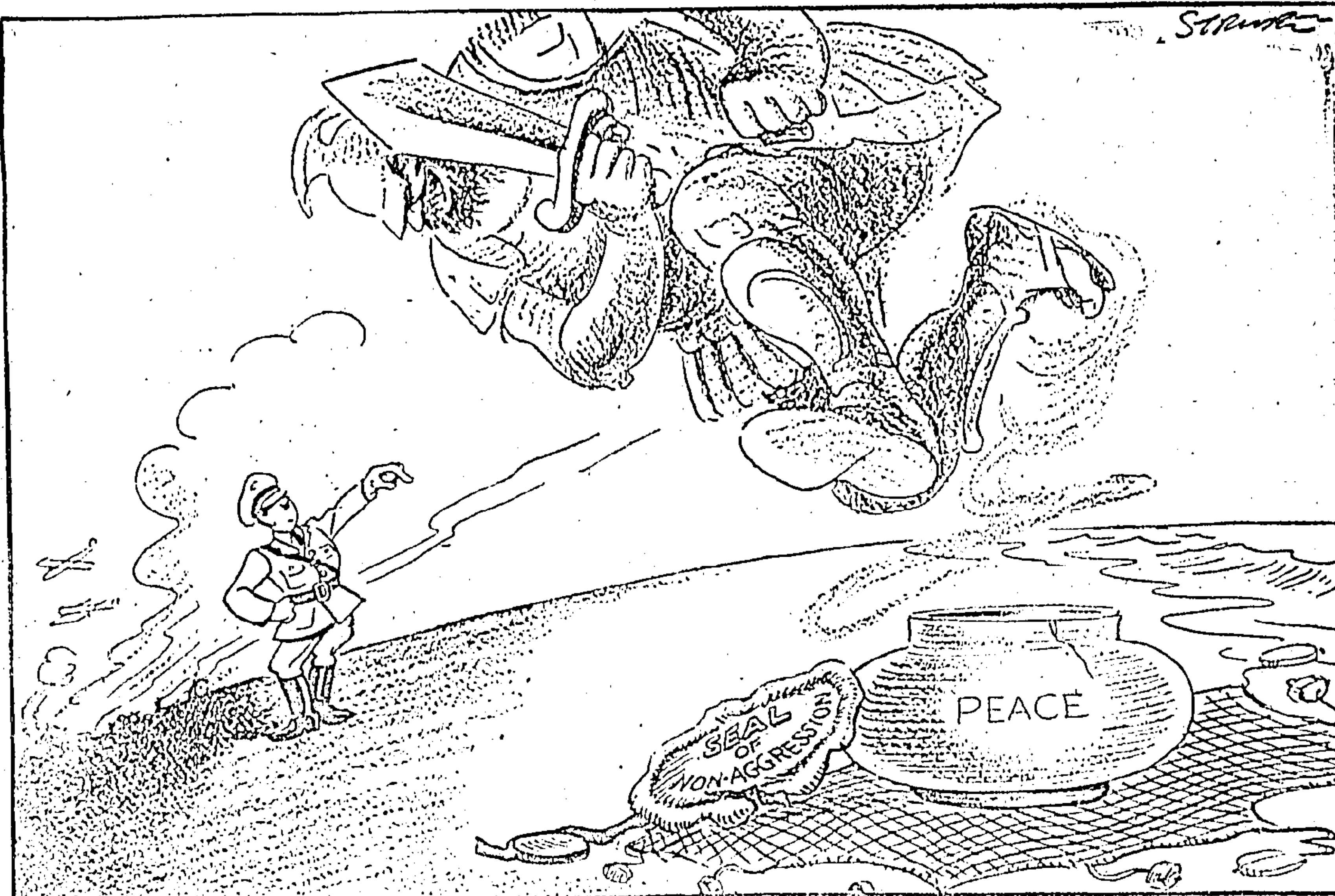
Premature

THERE is a considerable
amount of sympathy in the
British Empire for the German
people, ground down as they are
by the Nazi tyrants, and the
Allies make it a condition of
peace that Germany shall rid
herself of the Hitler-gang and
establish a Government whose
word counts for something.

With all our sympathy, how-
ever, it must be admitted that
Germany produces, in her public
life at least, a larger number of
scoundrels per head of the
population than perhaps any
other country in the world.
Some such thought may have
prompted Lord Bradbury to re-
mark that the German people
have shown themselves prone
to allow themselves to be do-
minated by leaders who have
made them impossible neigh-
bours to other peoples who
desire to live their own lives.
Therefore no settlement which
merely eliminates a particular
individual is going to prevent
the rising of another obnoxious
individual or another equally
damnable political creed.

To overcome this danger Lord
Bradbury proposes that the
terms of settlement ought to be
based on two guiding principles.
The first is that nothing should
be done to prevent Germany
from taking her proper place as
a member of a peaceful family
of European nations. The second
is that everything should be
done to prevent Germany
from again acquiring lethal
weapons and the trained per-
sonnel to make use of them,
and she should be required to
submit to a comprehensive sys-
tem of international supervision
to secure this beyond a per-
adventure.

This looks very simple and
reasonable, but would Germany
or any other great nation con-
sent to restrictions of this sort?
In any case, discussion of settle-
ment terms is somewhat pre-
mature. The first thing to be
done is to win the war. It is
not wise to count our chickens
before they are hatched.



HITLER: "THE WAR IS OVER, HEIL HITLER, NOW BACK IN THE BOTTLE!"
GENIE: "AH, BUT PM DICTATOR NOW!"

99 Ten guns for every German gun
Ten shells for every German shell
Ten tanks for every German tank 99

Here's how we
are making this
slogan come true

I HAVE just returned
from a visit to some of
Britain's key armament
centres.

In those places men, and
sometimes women, are working
long hours and making a tre-
mendous effort to ensure that
the men at the front shall have
all the essentials of war... So
that there will be no munitions
shortage and no room for fear
at the back of the minds of the
fighting men that they will be
let down by the folks at home.

In these factories are being made
small arms, bullets, bombs, shells,
and mighty guns for the Navy
and the Army, little pompons to deal
with any low-flying aircraft which
may attempt to attack our vessels
on the sea, and a hundred other
weapons of war, some of which are
still kept a close secret.

Let me give immediately that the
report I give of my visit to these
works is a wholly favourable one.
I cannot conceive of any munitions

shortage unless by some chance the
expenditure of shot and shell should
be vastly greater than anything yet
thought of.

In one great factory I visited
there was a Hall of Giants.
Not a single man among the thirty
engaged in that particular place was
less than six feet in height—great,
muscular men, fine specimens of
physical fitness.

As a mere five-foot-one-and-a-half
specimen I gazed admiringly on these
huge men, lifting with pairs of long
huged pieces of blazing metal from
the top of a furnace and swinging them
skillfully to the ground in the right
place so that they could be moved
on to the next operation.

And here and there were men
pushing along these same pieces of
high-grade steel with their feet.
Their boots are made of special
material, partly asbestos, and their
clothing, too, provides protection
against fire.

James Agate picked this out

When, looking on the present
face of things,
I see one Man, of men the
meanest too;
Raised up to sway the world,
to do, undo,
With mighty nations for his
underlings,
The great events with which
old story rings
Seem vain and hollow; I find
nothing great.
Nothing is left which I can
venerate;
So that almost a doubt within
me springs
Of Providence, such emptiness
at length
Seems at the heart of all things.
But, great God!
I measure back the steps which
I have trod;
And tremble, seeing whence
proceeds the strength
Of such poor instruments, with
thoughts sublime.
I tremble at the sorrow of the
thing.
—WILLIAM WORDSWORTH.

S. W. ALEXANDER

City Editor of the "Daily Express"

describes a tour of
Britain's armament works

Many of them are elderly men with
still-keen eyes, lining up the bullets
by the score—examining first tops
and tails and then sides. The chances
of a defective bullet passing out are
thus very small. These folk realise
their responsibility and go about their
work as if their lives depended on it
—as indeed they may do.

ELSEWHERE I saw the mak-
ing of heavy bombs for our
Royal Air Force.

And here I saw the sandblasters.
How comes it that men are pleased
to be shut up during their working
hours in little fortress-like buildings?
Pleased to be dressed in a weird
heat-dress designed to give protec-
tion to their eyes and ears, doing
nothing else all the time but spraying
vast quantities of tiny pieces of hard
steel—under great pressure—on to
the sides of these bombs in order to
smooth them off and remove ac-
cumulations of muck acquired in the
process of manufacture?

There are plenty of people willing
to take on that job—even though it
means working in terrific noise and
what may appear to others to be
great inconveniences.

If, for instance, you want to com-
municate with one of these men, a
gentle tap at the door will do no
good at all. He won't hear. You
will have to hit the sides of his fort-
ress with something like a sledge-
hammer—and if you hit hard enough
he will just hear a gentle tap.

Maybe sandblasters are born, not
made.

TREMENDOUSLY interesting,
too, is the work of repainting
the big guns. If you go to some of
these works you will find a number
of huge guns lying on the grass.
They look as if they are being un-
cared for. Not at all. They are
covered with rust-resisting paint
and their insides are full of grease
—the ends being protected by wooden
blocks.

A sixteen-inch gun for the British
Navy weighs an enormous tonnage
and therefore a great deal of paint
and grease is required. Many
hundredweight for a great distance
its life is probably only a few hundred
rounds.

The life of smaller guns may be
as much as a few thousand rounds,
but all big guns at some time or
other have to come in for repair.
Their tubes wear out and they have
to have new ones—new linings.

This involves taking out sixty feet
of steel tube and inserting a new one.

The gun barrel is lifted up gently
by rope which is nine inches in cir-
cumference and will carry a weight
of 150 tons. It is put end-up into a
great pit, where it is heated by gas—
a formidable arrangement of gas
pipes is involved in this. The old
tube is carefully taken out, and when
it gets cold again the new one is put
in.

In all this work the steel used has
to be of the highest grade.

The development of high-grade
steel in the past fifteen years has
altered the structure of the big guns.

There are some old ones in these
factories which still have inside them
thousands of yards of what we used
to call piano wire. It was there to
take the compression as the gun was
fired.

The new steel makes that unneces-
sary. It also makes for simpler con-
struction and longer life.

As these great guns are made or
remade, they are taken away, perhaps
disguised as a kind of birthday cake
on wheels, and are tried out—shelling
into vast mounds of sand.

LET me tell you about the
machines in these vast
factories.

One of the most important is the
rifling machine. This makes those
beautiful grooves in the tube of the
gun which cause the shell to rotate
at a great speed as it takes its course.

A message I recently received from
America said that the British munitions
factories were full of German
machines... suggested that in this
matter of munitions-machinery we
were away behind the other man.

Germany has always specialised
in certain types of small machine
tool. We have specialised in others
which they do not produce, and
Switzerland and America have spe-
cialised in yet other types. In normal
times this division of labour is a
good thing.

In these big armament works I
have looked out especially for Ger-
man machines. I could find only
one German rifling machine. It was
obtained under conditions which are
unlikely to have caused it to be
selected as a big specimen for our
special benefit. But the quality of
the materials of which it is made is
so poor that it has broken down
several times. It is not comparable
with the corresponding British tool.

ALL steel coming into these
works is first electrically
drilled for a sample. This is sent to
the laboratory. The temperature at
which it shall be treated is decided
from that sample. It is numbered
and followed through to the finished
job.

Do not imagine, however, that there
are no problems to be solved. Rapidly
expanding industry always brings its
own problems.

There are problems of skilled
labour, and there is an urgent need
that women should be allowed to
come into factories and particu-
larly in this work.

Some men have been reluctant to
agree, but to-day the problem is
primarily one of making ready the
necessary facilities and accommodation.

There is, on all sides, complete
evidence that all are willing to make
sacrifices for the common good.

Mr. Leslie Burgin, the Minister of
Supply, and his staff are working
night and day, for it is realised that
at all costs the men at the front must
be supported.

The great mass of the British
men, and children of the British
men, can, in my view, have complete
confidence that this purpose will be
achieved.

CHINESE HERALD NEW YEAR WITH BRILLIANT VICTORY

Tightening Ban on Sterling Transfers to Hongkong

LONDON, Jan. 4 (British Wireless).—On January 8 an Order in Council will come into force which prohibits the transfer of sterling or of sterling securities, whether by delivery or by registration, from a U.K. resident to a non-resident unless express permission has been given by the Treasury.

For the purposes of this order, a non-resident is a person, company or firm residing or carrying on business outside the British Empire, Egypt, Anglo-Egyptian Sudan and Iraq, with the exception that residents in Canada, Newfoundland and Hongkong are regarded as non-residents.

Defence Submissions In Property Dispute

INTERPRETER AND IDENTIFICATION

The submission that plaintiffs were estopped from regaining anything whatsoever by their conduct in standing by with full knowledge that the mortgages were forged was made by Mr. H. G. Sheldon, K.C., before the Chief Justice, Sir Atholl MacGregor, in the Supreme Court this morning, when he continued his outline of the defence in the property dispute case involving two houses in Des Voeux Road Central and Wing Lok Street.

Plaintiffs are Chan Fook-hing, Chan Sik-tin and Chan Kwok-nin, and as co-owners, they declare that the property was mortgaged, without their knowledge, by Chan Chung-wah, brother of the third plaintiff, for \$50,000. They ask the Court for a declaration that the signatures on the mortgages are forgeries.

Mr. Eldon Potter, K.C., and Hon. Mr. Leo d'Almeida, Jnr., instructed by Mr. C. d'Almeida, appear for plaintiffs. The defendant, Fung Kai-sun is represented by Mr. Sheldon and Mr. H. C. Macnamara, instructed by Mr. M. Watson.

Knew Of Forgeries

Mr. Sheldon said the plaintiffs knew of the forgeries almost immediately after the mortgages had been executed, and yet had withheld this information from the defendant. Indeed, all they were concerned with was about the rent due to them. As a result of their action, defendant had been robbed of all the remedies which would have been open to him had he learned of the forgeries earlier instead of at the commencement of the present proceedings—to issue a writ of attachment on property owned by Chan Chung-wah, and to institute criminal proceedings against him. By their action in keeping silent, therefore, the plaintiffs must be barred from their claim.

Evidence that third plaintiff was not the man whom he knew as Chan Kwok-nin was then given by Lo Kwok-min, an interpreter employed by Mr. C. A. S. Russ. Witness said he was first introduced to Chan Kwok-nin about 11 years ago by a clerk at the Magistrate's in connection with a bankruptcy matter. Chan Kwok-nin was also known as Chan Chung-wah.

The mortgage and memorial produced were signed by Chan Chung-wah and not by the third plaintiff. He could not tell why one of the signatures had since been erased and another substituted, but the documents were signed in his presence.

False Identification

Subsequently, Chan Chung-wah put through a mortgage with the Overseas Bank and asked him to identify the other two mortgagors, whom he said were his cousins and whose names he gave as Chan Fook-hing and Chan Sik-tin. They were not the first and second plaintiffs. He did not know them but nevertheless identified them.

Mr. Potter: By identifying these two men whom in fact you did not know, you committed a falsehood, did you not?

Mr. Potter: By identifying these two men whom in fact you did not know, you committed a falsehood, did you not?

Surely as a solicitor's clerk you ought to know that you cannot identify a person unless you know him perfectly well, especially in such an important matter as a mortgage?—Yes, but I identified them for the sake of Chan Chung-wah.

Thieves Rob Charitable Institutions

A thief entered the premises of the Hongkong Benevolent Society yesterday and stole a clock and old clothing to the value of \$15.

Slater Francis, of the Home for the Aged, Ngau-chi-wan, Kowloon City, reported to the Police yesterday that someone broke into the store-room of the Home during the night of January 3-4 and stole a large quantity of bed blankets.

Japanese Driven Back on North Kwangtung Front

CHUNGKING, JAN. 5 (REUTERS).—CHINESE FORCES IN NORTHERN KWANGTUNG COUNTER-ATTACKED ON NEW YEAR'S DAY AND, AFTER 48 HOURS OF HEAVY FIGHTING, DROVE THE JAPANESE BACK ALONG THE ENTIRE FRONT, DECLARED THE CHINESE MILITARY SPOKESMAN AT A PRESS CONFERENCE.

Reviewing the battle, the spokesman stated that the Japanese pushed northward from Canton in three columns in the latter part of December—the centre striking from Tsunghua, the right wing from Lungmen and the left wing along the Canton-Hankow Railway.

The two wings, particularly the right, made rapid progress in their advance. As the left column reached Yingteh on the railway, the right column went beyond Meikeng and reached Oongyuan and Sanhua.

The Chinese Command, the spokesman continued, decided on the tactics to hold the Japanese at the centre while Chinese troops east and west of the railway attacked the Japanese wings.

Four-Way Attack

The Japanese centre was halted by the Chinese in the hills in the vicinity of Liangkou and Lupetst, whereupon the Chinese forces launched an attack on the Japanese right wing at Oongyuan on New Year's day from two directions.

A Chinese column from Shaokwan, the spokesman said, attacked the Japanese from the north-west, while another Chinese column from South Kiangsi attacked from the north-east.

Meanwhile, he proceeded, another Chinese detachment attacked at Meikeng in the Japanese rear.

This Japanese column was eventually forced to withdraw southward back to Lungmen.

At the same time, the spokesman added, the Japanese left wing on the railway was driven back to Liangkou, to the south of Yingteh.

Japanese Fire Houses

In connection with the fighting on the Kwangtung front, "Central News" reports allege that the Japanese troops set fire to houses in the retreat, thus rendering thousands of peasants homeless.

The Chinese authorities have now sent delegates to relieve and give accommodation to refugees in the war areas.

On the Kiangsu-Cheking border, more Chinese successes have been reported. It is stated that Japanese troops aboard 40 steam launches and junks in the Taihu Lake were shelled near Chentshi by Chinese artillery last week. Two of the launches and one junk were sunk, resulting in 100 Japanese being drowned.

In South Shansi, the Chinese are said to have recaptured Wangyukow, Chungnanvutsun and Tsungshan. News reports allege that the Japanese have been inflicted on the Japanese in a series of Chinese thrusts.

Surprise Night Attack

In a surprise night attack a Chinese unit blew up the power plant at Shihchichwang, a strategic junction of the Tientsin-Hankow and Chenghai Railways in West Hopen on January 1. The whole town was plunged into darkness and, taking advantage of this, the Chinese smashed into the Japanese barracks, killing over 100 of the enemy.

According to these Chinese reports, the Japanese troops at Lungwang-miao, near Taming in South Hopen, were subjected to an enveloping attack on the same day.

Nathan Rd. Gang Of Robbers

Youthful Bag-Snatchers Rounded-Up

Five youthful members of a gang of 13 handbag snatchers with their headquarters in a heroin divan in Temple Street, and who operate mostly in Nathan Road between the Alhambra Theatre and Mongkok, were arraigned before Mr. Q. A. A. Mufadyen at the Kowloon Magistracy to-day on charges of larceny and receiving stolen property and money.

Two of the victims of the gang were Mrs. Joseph Le da Combe and Miss Graneau. The former had her handbag, containing US\$85 and HK\$345, snatched from her on New Year's eve, and Miss Graneau lost her purse with \$11 on December 27. Neither of the handbags or their contents were recovered.

Defendants were Leung Kau, 25, Suen Kin, 18, Tsai Yuk-lun, 17, Mak Hol, 15, and Wong Ming, 18. Leung was charged with theft of Mrs. da Combe's handbag and receiving 80 cents, stolen property. Suen and Wong were charged with receiving \$34 stolen property, and Tsai, \$30. Suen also admitted theft of Miss Graneau's handbag. Wong and Mak were each charged with receiving 80 cents, stolen property.

Detective-Sergeant Fraser said defendants were members of a gang of 13 with their headquarters in a heroin divan at 125 Temple Street, ground floor. They operated mostly in Nathan Road between the Alhambra Theatre and Mongkok.

Gang's Technique

On December 31, Mrs. da Combe was walking in Nathan Road near Hamilton Street when Leung Kai snatched the handbag from behind her. Four other youths were present and they made some pretence of arresting Leung, but subsequently released him and all ran away down Hamilton Street and disappeared into a scavenging lane.

Miss Graneau's handbag was snatched under similar circumstances. Miss Graneau, a University student, was walking with her mother and another friend near Man Ming Lane on December 27 at 8 p.m. when the incident occurred. The snatcher disappeared down the lane.

All the handbags snatched, continued the Sergeant, were taken to the roof of 25 Temple Street where the contents were shared out. The sums mentioned in the receiving charges being the amounts each defendant received. The main bulk of the money was taken by the gang leaders who have not yet been arrested. The handbags were dumped, and Leung told the police that the bag he had snatched had been destroyed.

A remand of three days was granted for the finger print records to be obtained, and for further inquiries to be made.

Nathan Rd. Gang Of Robbers Attempt To Confuse U.S. Opinion More Blundering Propaganda

LONDON, Jan. 4 (British Wireless).—Vigorous attempts are being made by the German propaganda machine to confuse opinion by anticipating the finding of the Commission now sitting in Washington enquiring into the Athenia incident.

By misquoting excerpts from United States Press statements which purport to represent intelligent forecasts of the Commission's report and which are made to appear favourable to the well-known German thesis, are given publicity in the obvious hope that they will be taken as the actual and final conclusions of the Commission. The implication of much of the German propaganda on this question is that the Commission's verdict has already been published.

Here Is An Example

An example of this propaganda is a passage in the Berlin "Boerzenzeitung" cited in the "Transocean" wireless news to-day: "Nothing throws more light on England's position in the Athenia case than the fact that, faced with the results of the American investigation, it is unable to find the smallest argument in its own favour."

In similar vein is a clumsy endeavour to throw doubt on the integrity of the "Reuter" agency. "Significant is the attempt of Reuter's to weaken the Washington verdict—a sentence which again implies that a report has been issued."

Official Reactions

Official quarters in London content themselves with observing that impartiality in the investigation in Washington will remain unaffected by the German misrepresentation, adding that the public elsewhere, in Germany, where truth is subject to import restrictions, will be able to await the actual and official conclusions of the Commission.

Another Trawler Feared Lost

LONDON, Jan. 4 (Reuters).—The Aberdeen trawler, Daneden, is ten days overdue and is feared lost. The Daneden left Aberdeen on December 11 and was last seen in the fishing grounds in the same vicinity as the trawler, Sinar of Scotland, on the day when the latter was bombed by German aircraft.

LETTER STOLEN FROM POST-BOX

Seen extracting a letter from a letter box in Queen Victoria Street, Man Lau, 23, unemployed, was charged before Mr. Edwards at the Central Magistracy this morning. Man pleaded guilty and was sentenced to six months' hard labour.

ALLEGED THEFT FROM HAWKER'S SWEET STALL

A novel method of stealing money was alleged to have been employed by Tam Pak-hung, 35, a broker, when he was charged before Mr. Forrest at the Central Magistracy this morning with the larceny of ten cents from a hawkers' stall in Queen's Road East yesterday. Tam denied the offence.

Inspector A. V. Baker said the stall was run by Wong Nam and his wife, and Chinese sweet-meats were sold. Tam went up to the stall and asked for a cent's worth of sweet dough-balls. Wong alleged he saw Tam use his right index finger to point at something on the stall and at the same time use his middle finger on which adhered some Chinese medicinal plaster to pick up a ten-cent piece.

As soon as he saw he had been caught in the act, Tam, it was further alleged, dropped the coin and quickly walked away. He was pursued by Wong, who saw Tam throw away a packet. The ten-cent piece, picked up by the Police, was found to have medicinal plaster adhering to it.

The case was adjourned until tomorrow.

Red Cross Fund Now Nearly £1,090,000

LONDON, Jan. 4 (British Wireless).—The Lord Mayor's Red Cross Fund, which increased by £5,000 yesterday, now stands at £1,090,000. The Nigeria War Relief Fund sent a fifth donation which brings the total Nigerian contribution to £10,000.

Hitler Youth Leader Conscribed

SPECIAL TO THE "TELEGRAPH" BERLIN, Jan. 4 (Domet).—Herr Baur von Schirach, leader of the Hitler Youth, was drafted for military service on January 1. He has joined a military corps.

FULLER CONTROL OF BRITISH SHIPPING ANNOUNCED

LONDON, Jan. 4 (British Wireless).—The Minister of Shipping has announced that in the interests of efficient conduct of the war he has extended the policy of requisition of shipping. The Government is satisfied that regular execution of shipping programmes will be most effectively secured by bringing shipping under full control.

Action was taken at the beginning of December to requisition for full cargoes of cereals imported on account of the Ministry of Food on the North Atlantic route, and the same system is now being applied to shipments of all full cargoes of cereals, oilseeds and sugar upon Government account. It is also being applied to the carriage of iron ore and certain other essential metal cargoes as part of the general application of requisition to all tramp shipping.

Sir John Gilmour stated to-day that he had applied the policy of requisition at an early date to all ships on the United Kingdom and Colonial registers engaged in deep-sea liner trades as from the date when they complete their first discharge in U.K. after the scheme comes into operation.

Sir John Gilmour said that the same reasons, which have been found to have a compelling force in favour of this policy in the last war, actuated him where that course was necessary in order to find tonnage for more urgent national employment by providing greater unity of control. Identity of interest would enable tonnage to be used effectively and material economies of tonnage would be secured. It had been arranged at discussions with representatives of owners as to conditions of charter, and the rates of hire shall start this week.

PRISON, ONLY SAFE PLACE FOR THIEF

Telling defendant that the only safe place for him to be in was prison, Mr. E. Hunsworth at the Kowloon Magistracy to-day sentenced Mak Shiu, 25, unemployed, to a year's hard labour for the theft of 40 cents.

Mak had nine previous convictions for larceny and one for loitering and is a police supervisee. Inspector Rogers described Mak's record as very bad. A Chinese detective saw Mak pulling his hand into the pocket of a man who was in a crowd watching a medicine hawk in Sa Po Road, Kowloon City. When caught, Mak had 40 cents in his hands. The victim of the larceny was unaware of his loss.

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SUNDAY QUEEN'S TO-DAY ALHAMBRA

STOCK MARKET REPORT

Hongkong Stock Exchange Official Summary issued yesterday says: Trading continues on a broad scale. The price for Doles has shown some slight recession after touching \$21½, but the demand is not yet satisfied. Electric, Telephones & Wharves have also been in some demand. Hongkong Banks have come to business @ \$1,380 with further enquiries for scrip.

Buyers

Union Ins. \$430
Hotels \$5.15
Tramways \$27.10
Yamut Prices \$23½
Electric \$53½
Telephones (Old) \$24½
Ropes \$5.00
Watsons \$9.10
Entertainments \$8½
Constructions (Old) \$1½

Sales

H.K. Bank \$1,380
Union Ins. \$430
Wharves \$102
Docks \$21.30/½/60/¾/70
Providents \$4.55
Hotels \$5½
Electric \$53½
Telephones (Old) \$24½
Telephones (New) \$9.10
Cement \$17½

Japanese Appeal Against Chief Justice's Verdict Is Dismissed

WINDING UP OF CHINESE SHIPPING CO. CONFIRMED BY FULL COURT INTERESTING JUDGMENTS DELIVERED TO-DAY

JUDGMENT WAS DELIVERED IN THE APPEAL COURT THIS MORNING BY MR. JUSTICE R. E. LINDSELL AND MR. JUSTICE J. A. FRASER, DISMISSING THE APPEAL AGAINST THE ORDER MADE BY THE CHIEF JUSTICE, SIR ATHOLL MACGREGOR, DIRECTING THE WINDING UP OF THE CHING KEE STEAM NAVIGATION COMPANY.

THE APPELLANTS WERE THE DAIREN KISEN KAISHA AND OTHERS, WHO WERE REPRESENTED BY MESSRS. H. G. SHELTON K.C., AND LEO D'ALMADA E CASTRO, JR. INSTRUCTED BY MR. H. J. ARMSTRONG, OF DEACONS. THE RESPONDENTS WERE THE CHINA MERCHANTS STEAM NAVIGATION COMPANY FOR WHOM MESSRS. ELDON POTTER K.C. AND H. C. MACNAMARA APPEARED INSTRUCTED BY MR. D. L. STRELLETT.

TWO LENGTHY JUDGMENTS DELIVERED BY THEIR LORDSHIPS DISMISSING THE APPEAL FOLLOW.

Mr. Justice Lindsell said: This is an appeal against an order made by Sir Atholl Macgregor, C.J., in these proceedings directing the winding up of the Ching Kee Steam Navigation Company which is an unincorporated company within the meaning of the Companies Ordinance, 1932, but is incorporated under the laws of the Republic of China with headquarters at Chefoo in the province of Shantung and has (or had) a branch office in this Colony. The facts are fully set out in the judgment of the Chief Justice and need not be repeated. The application for winding up was based on three grounds, on each and all of which the learned Chief Justice held that the petitioners (the present respondents) were entitled to succeed. Those grounds were:

- (i) that there had been a winding up order made by a Court of competent jurisdiction in the country in which the company was incorporated, and, as a result of that order, the corporate powers of the company had been destroyed in that country;
- (ii) that the company had in fact ceased to carry on business in the Colony;
- (iii) that it was just and equitable that the company should be wound up.

Spearhead of Attack

Each of these grounds has been assailed (as in the court below) by Mr. Sheldon on behalf of the appellants but the spearhead of his attack has, with our permission, been now directed along a new line and has been aimed at the competency of the Chinese Court concerned to order the winding up of the company in China, not so much on account of the Court's inability to enforce its order as because, the province of Shantung being occupied by the Japanese military forces, its jurisdiction no longer extends to that part of the country but has been ousted by the fact of such occupation.

Authorities Quoted

In support of this contention he has cited passages from various authoritative works on International Law.

In paragraph 155, page 559 of his Treatise (8th Edition) Hall puts the case thus:—

"An invader has the right of exercising such control, and such control only, within the occupied territory, as is required for his safety and the success of his operations. But the measure and range of military necessity in particular cases can only be determined by the circumstances of those cases. It is consequently impossible formally to exclude any of the subjects of legislative or administrative control which is exercised in virtue of it, and the rights acquired by an invader in effect amount to all ultimate legislative and executive power. On occupying a country an invader at once invests himself with absolute authority; and the fact of occupation draws with it as of course the substitution of his will for previously existing laws wherever such substitution is reasonably needed, and also the replacement of the actual civil and judicial administration by military jurisdiction."

Again in paragraph 156, page 561—"etc. (the invader) suspends the operation of the laws under which they (the inhabitants) owe allegiance to their legitimate ruler" and in paragraph 157, page 566—"It has been seen that the authority of the local, civil and judicial administration is suspended as of course as soon as occupation takes place."

Statements to a similar effect appear in Oppenheim's Treatise (8th Edition) Volume II at pages 345 and 356, and in Hall's International Law Volume II at pages 440, 462 and 469.

These authoritative statements taken by themselves undoubtedly lend some colour to the view that at the time when the winding-up order was made by the District Court of Chefoo in the province of Shantung

was no longer in the hands of the Chinese Government, and that the order was therefore a nullity. And the same view is also at first sight supported by two of the cases relied on by the respondents, Bank of Egypt v. National Bank of Egypt (1897) 133 Chancery 513 and Banca de Indos v. Sancha (1938) 2 Chancery 170, in each of which it was held that where "de facto" sovereignty over a country or part of a country has been established by an invader, the English Courts will not give effect to decrees by the deposed sovereign of the country purporting to take effect in the invaded and occupied area, even though he is regarded by His Majesty's Government as still retaining "de jure" sovereignty.

Fallacious Assumption

In my judgment, however, this view is based on the fallacious assumption that there is no distinction in law between military occupation and "de facto" sovereignty. Reading chapter IV of Hall's Treatise as a whole I can find no support for the contention that in modern times an invader is regarded by international law as "de facto" sovereign of the territory he has occupied.

At page 558 Hall makes it clear that this was the old theory—the theory of partial and substituted sovereignty—whereas "recent writers adopt the view that the acts which are 'permitted' to be carried out by an invader are merely incidents which he exercises as a form of the stress which he puts upon the enemy, that the rights of the sovereign remain intact, and that the legal relations of the population towards the invader remain unchanged." So also in his Manual de Droit International (page 93) "l'occupation ne produit les conséquences d'un cas de force majeure; l'occupant n'est pas substitutif en droit au gouvernement légal."

Furthermore, so far from recognising the supersession by an invading power of the jurisdiction of the local courts in the area invaded, Article 23 (h) of the Hague Regulations, 1907, states that it is specially prohibited to an invader "to declare the courts of the occupied territory inoperative or to suspend the operation of the laws of the territory or the rights of action of the nationals of the adverse party."

Right of Action

It is admitted here that on the Japanese occupation of Shantung the District Court of Chefoo ceased to function, but that could not deprive the respondents of their right of action in the District Court of Chefoo which had been given special jurisdiction to deal with Shantung matters. Indeed the appellants themselves seem to have recognised that Chinese law had not ceased to run in Chefoo and Shantung, and they appealed to the First Divisional Court of Szechuan (at Chungking) against the order of the Chungking District Court.

Even if effective military occupation were indistinguishable from "de facto" sovereignty, there is the clear-cut, possible remedy for the proposition that it is not for an English Court to declare that a state of "de facto" sovereignty exists or existed at any given time, unless it has received an authoritative communication to that effect from one of His Majesty's Principal Secretaries of State (or in a Crown Colony from the Colonial Secretary). Recognition of "de facto" sovereignty is an act of State, and it is only when such sovereignty is recognised by His Majesty that King will give effect to the legal rights that arise from the establishment thereof. In case of doubt a Court can apply to a Secretary of State for the necessary information. See the Bank of Ethiopia and Banca de Bilbao cases (supra).

Here there can be no possible doubt that the duly recognised sovereignty de facto and de jure over the Province of Shantung lies in the Government of the Republic of China, and it follows that this Court cannot consider the possibility of any other sovereignty being exercised or of the curtailment of any of China's rights therein.

Existence Terminated

It follows also that the Court is bound to treat the acts of the Courts of the Sovereign Republic of China as acts which cannot be impugned and to hold the order of the Chungking District Court, confirmed as it was on appeal by the First Divisional

Court of Szechuan, for the winding-up of the Ching Kee Company to have been duly and effectually made by a Court of competent jurisdiction, and that the existence of the company in China, was, except for the purposes of its winding-up, terminated by that order.

I cannot therefore see how it can be contended that the company, the corporate juristic existence of which has ceased, should be deemed to be still carrying on its activities in North China. If I understand him right, Mr. Sheldon submits that these activities, sponsored as they must be by the Japanese, have converted the company into an alien enemy of China, with the affairs of which this Court cannot interfere. Whatever force there might be in this contention if the company were still incorporated for all purposes under the laws of China, it seems to me that its winding-up as a corporation has automatically deprived it of any such status. It may well be that the persons responsible for its continued activities under the name of the company are to be regarded as the laws of China by trading with enemy subjects but it is the individuals and not the corporation who are now carrying on business. The corporation itself is dead. Since then the parent trunk has for all practical purposes ceased to exist, how can this Court be asked to say that a branch is still alive?

A Submerged Wreck

In the Russian Bank for Foreign Trade (1933), 1 Ch. 745 and Lazard Brothers & Co. v. Midland Bank (1933) A.C. 285 are the clearest possible authorities for the proposition that, once a foreign corporation has been dissolved by an act of the foreign state which gave it being, the corporation will no longer exist, and, as Maughan J. (as he then was) said in his judgment (p. 754) in the former case, the branch of such a corporation is nothing but "a submerged wreck floating on the ocean of commerce."

It is true that in each of those cases the Russian corporation concerned had been swept out of existence and was completely inoperative, whereas here some of the activities of the company are admittedly still being carried on in North China, but the fact still remains that the entire enterprise has been destroyed by the order of the Chungking District Court and with its destruction the Hongkong Branch, which must depend for its legal being on the continued existence of the company, cannot be deemed to be still alive.

Appeal Dismissed

Even were it possible to regard the branch as able to carry on a separate existence, it is obvious that such a branch could only be maintained either by exposing the company's ships to the risk of almost certain seizure by an enemy power or by permitting the affairs of the branch to be managed by an enemy corporation. It is this feature, apart from the fact that we are here dealing with a branch and not with the parent corporation itself, that makes the case clearly distinguishable from the case of the Middlesbrough Assembly Rooms Company (14 Ch. p. 104) which is relied on by the appellants. There the company had suspended its activities for a considerable period in the hope of the return of better times and a disinterested shareholder petitioned for its winding-up which was opposed by a considerable majority of the other shareholders, and in such circumstances the Court of Appeal held that the "where of the majority, the safety of the assets and the ability of the company to resume business at any time were decisive reasons against allowing it to be wound up."

Here, although the appellants hold many more shares than do the respondents, the business of the company cannot possibly be carried on except to the jeopardy of the assets, or else under the control of Japanese agents whose appointment as such was not only void but illegal under the law of China.

For these reasons and for the reasons given in the judgment of the Court below I am satisfied that the winding-up order hereina-

was rightly made and that this appeal should be dismissed with costs.

MR. JUSTICE FRASER

I agree with the judgment which has just been delivered by the learned Pulisio Judge.

The Ching Kee Steam Navigation Company, Limited, is a company incorporated under the laws of the Republic of China and having its principal place of business at Chefoo in the Province of Shantung, now occupied by the Japanese forces.

The company is carrying on business in Chefoo, Dairen, An Tung, Tientsin, New Chungking, Shanghai, and its ships fly the Chinese flag. But there are fifteen hundred of them, and they do to a little more than a fiction. The ships enjoy only a limited freedom. Their movements are controlled by Japanese agents.

With that state of affairs the majority of the shareholders, who are the appellants in this case, appeal to the court. They say that in this case, who do not concur with the action of the majority, who wish to disassociate themselves from it and the other shareholders, and who to that end have petitioned in the Chinese courts for the dissolution of the company. All the shareholders except the appellants have ordered the dissolution of the company.

The jurisdiction of inferior courts in China is derived from section 2 of Article II of the Chinese Civil Code. "Regarding the proceedings relating to the dissolution of a corporation, the jurisdiction of the courts, subject to the provisions of this Code, shall be determined by the nature of the dispute, and not by the domicile or residence of the parties."

It seems therefore that for some purposes the domicile of the company may be in enemy territory, that is, the occupied Province of Shantung, but for the purposes of its incorporation its domicile remains in the country of its incorporation, at least so long as Chinese law is the ordinary civil law of the Province of Shantung.

At least, it is the view which has apparently been taken by the Chinese courts. It accords with the principle that a corporation can only be dissolved in the country of its incorporation. Have the appellants shown any ground for departing from the established principle in the present case?

The strongest view put forward in support of the argument that Chinese jurisdiction is suspended in Shantung is a passage in Hall's International Law, published in 1878, Volume II.

"The duty of allegiance is reciprocal to the duty of protection. The sovereignty of the state which is thus unable to protect its territory is displaced and that of the conqueror substituted in its stead."

In regard to allegiance, that is, the lawful obedience which a subject is bound to render to his sovereign, Hall is "obviously referring to a local allegiance only, like that which an alien owes to the sovereign of the country in which he may be. In this regard, he goes on to say—

"But this change of sovereignty may be only of a temporary character, for the territory may be recaptured by the former owner or it may be restored to him by a treaty of peace. But military occupation, the sovereignty of the conqueror is unstable and incomplete. Hence the allegiance of the inhabitants of the territory occupied is a temporary and qualified allegiance which becomes complete only when the territory is recaptured or by the express or implied consent of the conquered."

Modern Views

While the modern text-book writers, whose works have been recently quoted to us, consider that an invader has for the time being absolute authority in occupied territory, nowhere do they suggest that the rights of the invader enable him to do more than the military situation requires. And they clearly show that, in accordance with the civil administration of occupied territory is limited to military necessity.

But military necessity cannot justify the voluntary acts of private persons, and so cannot warrant the refusal by the members of this company to obey the lawful order of a Chinese court. We cannot assume without any evidence that the Japanese authorities have interfered, or would interfere, to keep this company alive in spite of itself or against the will of its members, or that those authorities would do anything to prevent the members of the company resorting to the Chinese courts, as they have in fact done here. This is strictly in accordance with Article XXIII (h) of the Hague Regulations, which declares that it is absolutely forbidden—

"to declare abolished, suspended or inadmissible in a court of law the private claims of residents of the hostile party."

In Hall's case, at page 440, we find the statement, with regard to the suspension of political but not municipal laws, that—

"Military jurisdiction is the criminal jurisdiction of the conquering state as exercised in international law as extending over the territory occupied during military occupation."

The position is put comprehensively by Oppenheim (6th edition), at page 346—

"The administration of the occupied is in no wise to be compared with ordinary administration, for it is essentially and precisely military administration."

Page 346—

"Modern principles underlying these modern rules are that, although the occupant in no way acquires sovereignty over the territory through the mere fact of having occupied it, he actually exercises for the time being a military authority over it."

And page 356—

"The British and American interpretation of Article XXIII (h) of the Hague Regulations is that it prohibits an occupant of enemy territory from de-

been suggested, nor is it arguable, that the company is incorporated elsewhere than in China or otherwise than by the law of China.

But, as Palmer says in his Company Law, 10th edition, at page 46—

"A corporation, it must be remembered, is not a partnership or a family, a mere collection or aggregation of individual units. It is, in contemplation of law, a person distinct from the members or shareholders who are interested in it—a metaphysical entity—conventional, artificial, but with no physical existence. As Lord Selborne said (G. E. Hall, Co. v. Turner, 8 Ch. App. 32): 'The company is a mere abstraction of law.'"

And Dicey, 5th edition, at page 136, says—

"The concept of a corporation is the place considered by law to be the centre of its affairs which—(1) in the case of a trading corporation is its principal place of business, i.e. the place where the administrative business of the corporation is carried on."

And in paragraph (4) of his comment on this rule—

"There is thus further essential difference between the domicile of a natural person and the domicile of a corporation. The domicile of a human being is a fact which on certain points subjects him to the law of a particular country, the domicile of a corporation is a fiction suggested by the fact that a corporation is on certain points, e.g. the jurisdiction of the courts, subject to the provisions of this Code, shall be determined by the nature of the dispute, and not by the domicile or residence of the parties."

In each case the particular question whether a corporation has in reality a permanent residence in a particular country, but whether for certain purposes (e.g., taxation, the jurisdiction of the courts, or the status of its shares, or liability to taxation) it is to be considered as resident in England, or in some other country."

Question of Domicile

It seems therefore that for some purposes the domicile of the company may be in enemy territory, that is, the occupied Province of Shantung, but for the purposes of its incorporation its domicile remains in the country of its incorporation, at least so long as Chinese law is the ordinary civil law of the Province of Shantung.

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A scene from "Springtime Suite" which will be presented by the George Goncharoff School of Dance at the King's Theatre next Wednesday and Thursday.

charing extinguished, suspended or unenforceable in a court of law the rights and claims of residents of the hostile party. There is no doubt that the occupant must respect, unless absolutely prevented, the laws in force in the country. There is every reason to suppose that the occupant must respect the laws of the country. If they are willing to serve under him, he must respect their independence according to the laws of the country. It is, however, no right to constrain the courts to pronounce their verdicts in the name of the Chinese courts, in the name of the Chinese courts, in the name of the Chinese courts."

No Extra-Territorial Jurisdiction

It is true that the Japanese in Shantung need not aid in executing the order of the Chinese court. But that can have no effect on the decision to make it any less binding or less worthy of respect in the courts of a friendly country.

It is not necessary for me to consider what would happen if the Japanese authorities were to interfere to prevent the execution of the order of the Chinese courts. In that case, no court would be asked to do the Japanese courts, in making their order have purported to exercise extra-territorial jurisdiction in Shantung. That however is not the case. The Chinese courts were dealing with a company incorporated in China, not in Shantung, which has no separate legal personality in the law of China.

It has been said in this case that the Chinese courts, in making their order have purported to exercise extra-territorial jurisdiction in Shantung. That however is not the case. The Chinese courts were dealing with a company incorporated in China, not in Shantung, which has no separate legal personality in the law of China.

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227, where it was held that the omission to include in a bill of lading a statement required by an enactment of the Newfoundland legislature did not make the bill of lading illegal. One of the terms of the contract was—"This contract shall be governed by English law."

Chinese In Name Only

The question here is not whether the contract of agency is valid by the law of any particular place, but whether the making of such a contract by the directors is a proper exercise of their powers. The real object of the contract is not to much to enable the company to trade, for that it could do by itself were it not for the war, or by a neutral firm were it not for the same reason, but to put its ships and business in Hongkong in the hands of an enemy firm. The ships would still fly the Chinese flag but would have Japanese crews. The branch of the company in Hongkong would be controlled by Japanese and would be Chinese in name only. Such a change in the conduct of the business, it is safe to say, was never contemplated by the constitution of the company. The purpose of the contract of agency is illegal by the law of China and could not have been one of the purposes for which the company was incorporated. It is a ground for dissolution of the company by the Chinese courts.

The respondents, it seems to me, are amply justified in asking that the Hongkong branch of the company be wound up, on the grounds of justice and equity. They have every reason for saying that the directors have exceeded their powers and, in the conduct of the company's affairs, have forfeited the confidence of the respondents.

Only Law Of China

In this case we are faced as regards the dissolution of the company in China with no alternative law but the law of China and no alternative court but the courts of China. There is no problem here, as there was in *The Bank of Ethiopia v. National Bank of Egypt and Liguori, L.R. (1937) Ch. D. 313*, of a *de facto* government. A Chinese court duly appointed according to the law of China has ordered the dissolution of the company. The onus is on the appellants to show that that court had no jurisdiction. Their argument is based, firstly, on the military occupation of Chefoo, where the jurisdiction of the invader is limited to military necessity, and secondly, on the fact that the company for some purposes is deemed to have acquired an enemy character. They have failed to discharge that onus and failed altogether to show that a corporation cannot be dissolved at any time in the courts of the country of its incorporation. There are in addition cogent grounds on which the branch in Hongkong may be wound up.

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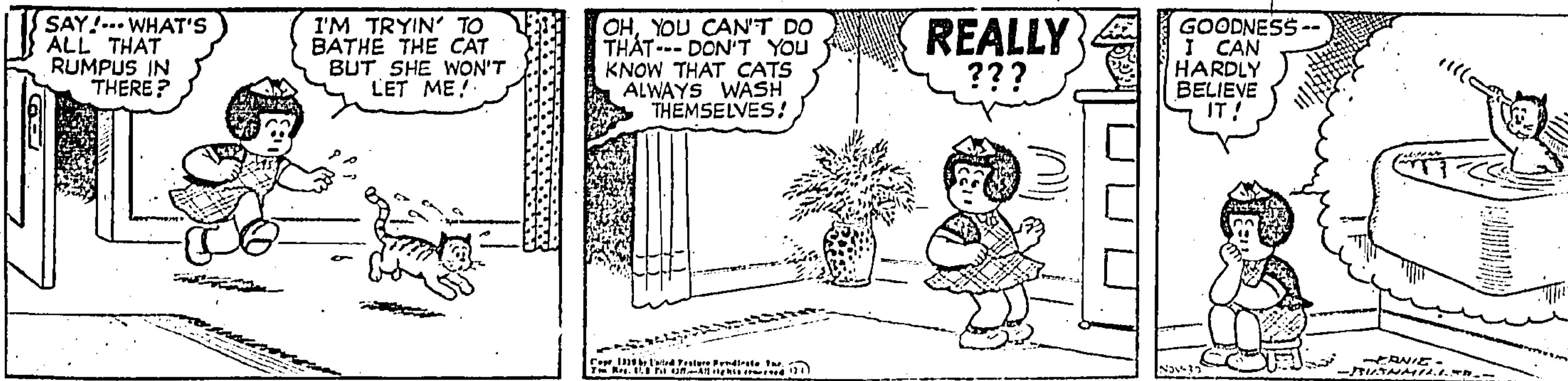
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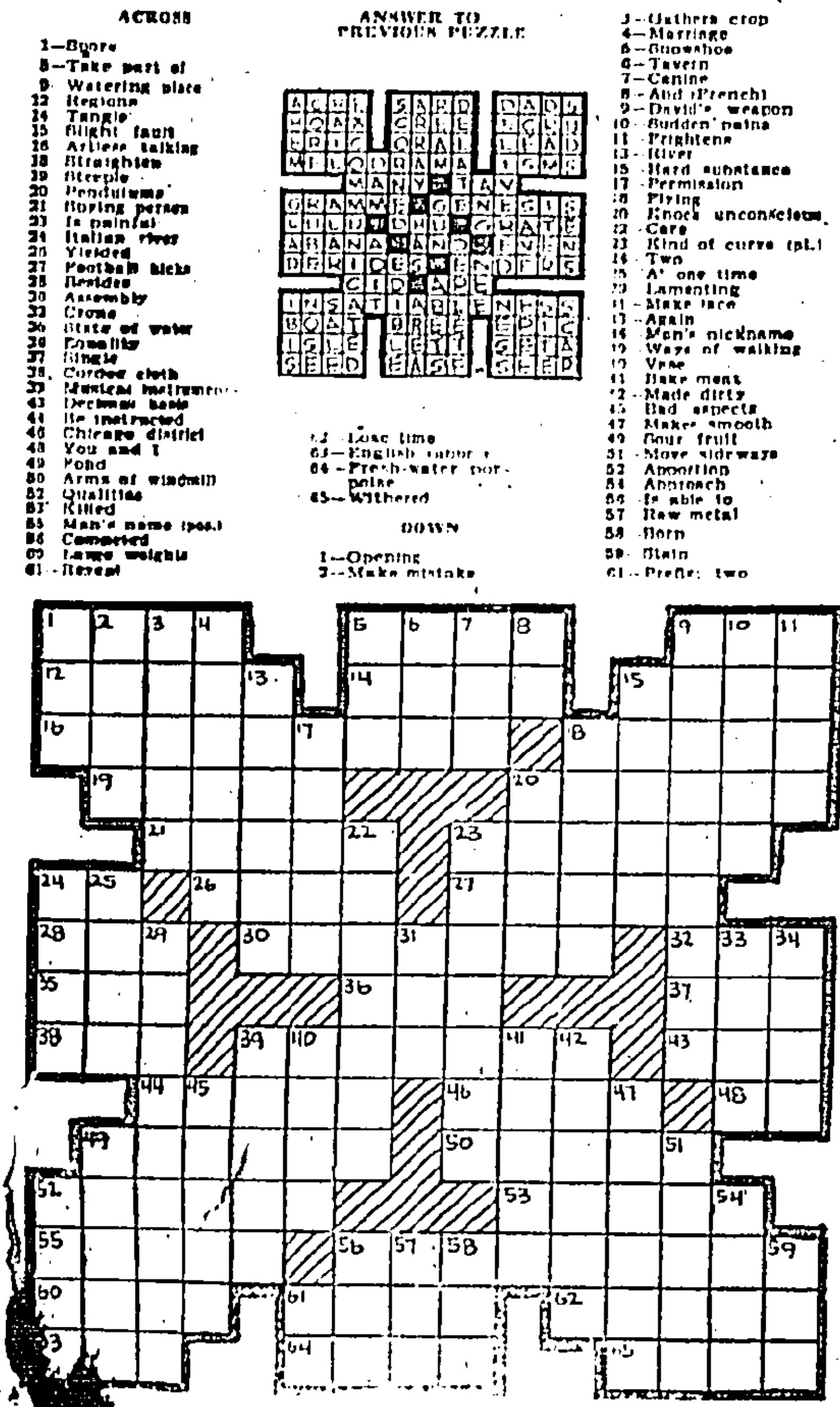
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NANCY



Crossword Puzzle

By LARS MORRIS



Talai Lama's Enthronement

CHUNGKING, Jan. 4 (UP).—It is officially announced that the 14th incarnation of the Dalai Lama will ascend the Throne with elaborate ceremony on February 23.

BRITAIN AND NAZI EXPORTS

WASHINGTON, Jan. 4 (Reuter).—The British Government has given an assurance that "in very exceptional circumstances" German exports will be allowed to reach their destination.

Astronomical Expenditure By Belligerents

CASH COST OF WAR NOW £20,000,000 A DAY

A Look Through The "Telegraph"

50 YEARS AGO

Jan. 5, 1900.
Victoria English Schools will re-open on Wednesday next, the 8th instant. The teaching staff in the Boys' Department has been increased by the arrival of Mr. Arthur A. Watts, C.M., of Cheltenham Training College. Miss S. E. Taylor, C.M., has been engaged to superintend the Girls' Department, which will, in future, be carried on in a separate building at 21, Elgin Street. In addition to the ordinary English subjects there will be classes for French, Latin, Chinese, Drawing and Singing.

25 YEARS AGO

Jan. 5, 1915.
The damage at Hartlepool is estimated at £150,000. Recruiting in the West Riding is particularly active.

10 YEARS AGO

Jan. 5, 1930.
The British Navy will have its full complement of nine aircraft carriers in service when H.M.S. Glorious is put into commission at Devonport on Tuesday.

The Yee Sang Fat building standing on Queen's Road Central and having frontages also to D'Aguilar Street and Wyndham Street, is to be demolished almost immediately and a modern cinema theatre and block of office property erected on the site thus cleared. (This is the King's—Ed.)

5 YEARS AGO

Jan. 5, 1935.
There were sensations at the continued trial of Bruno Hauptmann, and the crowded court was breathless when Colonel Charles Lindbergh identified the accused as the man to whom his intermediary, Condon, paid \$50,000 ransom money for the return of the kidnapped-Lindbergh baby.

The abolition of the Sanitary Board and its replacement by an Urban Council is provided for in an Ordinance.

WASHINGTON.—Europe's war is costing the belligerents possibly £20,000,000 a day in current cash outlay alone. Additional costs in losses of property, arms, and commercial revenue cannot be computed now.

The £20,000,000 is an estimate made from the best information available here.

In a speech before the Institution of Production Engineers, Leslie Burgin, Minister of Supply, said that his department alone had spent about £2,000,000 a day since the outbreak of war, an amount which does not include purchases of planes, ships, and other equipment or the cost of maintenance of the navy or expeditionary force in France.

Available data indicates that Germany, heading the list, may have spent £2,500,000,000 for war by the end of its fiscal year next March; Great Britain, its Dominions and colonies, at least £1,050,000,000; and France, using a calendar year fiscal period, at least £438,000,000 by the end of 1939.

The £20,000,000 figure was computed on the basis that by the end of March, Germany and the British Empire supposedly will have spent £23,400,000,000 for a war that began 211 days earlier on Sept. 2, or £10,600,000 a day. By the end of December, 120 days after the start of hostilities, France spent £438,759,081 or £3,650,000 a day.

That figure does not take into account the billions that were spent in years prior to the German-British fiscal period of 1939-40 and the French year of 1939 for arms and ammunition now being expended on the Western Front.

The process of arriving at the £20,000,000 figure is as follows:

Germany:
Probably no one outside Reichsfuhrer Hitler's inner circle knows exactly what Germany is spending for the war. However, Herr Hitler has said that war expenditures for the past six years would total £7,000,000,000. That makes £1,200,000,000 a year.

A decree of Sept. 22 provided an additional £1,200,000,000 for the 1939-40 fiscal period ending March 31. That makes an aggregate of £2,400,000,000 being currently spent. Some observers say that figure is ridiculous. But no figure could give the whole picture for Germany, inasmuch as its entire economy has been geared to its military aims for years. Cash outlay is merely one cost factor.

In order to meet the war's costs, Germany not only increased taxes, reduced nonmilitary expenditures by 50 per cent and undertook a short-term borrowing, but according to information here, it also lowered wages and prices, thereby reducing the cost of war supplies to the Government.

Main tax increases were: A 50 per cent rise in the rate on incomes over £192, a 20 per cent surtax on tobacco, beer, liquor, and champagne, and a 15 per cent levy on the shares of states and communes in national revenues.

The press estimated that the new taxes would yield £400,000,000 a year, giving total revenues for 1939-40 of £2,800,000,000, as against £1,372,000,000 last year.

Those estimates, if accurate, do not lend credence to the enormous size of Germany's reported war expenditures, unless the Government is blithely incurring deficits of enormous proportions.

Great Britain:
Britain publishes understandable budgets. She estimated in April that she would need £1,052,770,000 for the 1939-40 year beginning April 1, nearly half of it for defence.

By the time the war got under way, the estimates had been boosted to £1,346,304,000, including £1,095,000,000 for the war still less than half the estimated German total. The budget then was nearly double 1938-39 expenditures.

Income rates were raised to 35 per cent, with 37½ in prospect for 1940-41. A new excess profits levy replaced the national defence and armament tax, and other levies, especially on luxuries, were boosted. Revenue estimates rose to £790,000,000 leaving a deficit of £750,000,000 to be met by borrowing.

British Dominions and Colonies:

Canada:—A budget of £130,100,000 was voted in September, to include an additional war appropriation of £20,000,000. Defence expenditures for 1939-40, before the declaration of war, had been budgeted at £11,000,000, giving Canada a total of £30,000,000 for war.

Australia: The current budget includes £21,030,400 for the war, but additional defence expenditures, as yet undisclosed, will be necessary.

New Zealand: The budget for 1939-40 was increased by £1,200,000 over the previous year, mainly for defence purposes. The Government also planned to borrow £12,800,000 for a public works programme, which probably could be altered to conform to defence needs. Additional expenditures for war purposes have not been disclosed here.

India and South Africa: No figures available.

France:
If the French war costs were anything like the £1,000,000,000 appropriated by the British, the German figure would not seem extraordinary. The total Allied expenditures then would be £2,000,000,000 or better, against £2,500,000,000 for Germany.

A French Embassy spokesman said, however, that the British figure would be the greater of the two. A search for more detailed information brought a reply from one official that "a complete blackout" had fallen on French budget figures. Another said no information intelligible to Americans ever was available.

Budget proposals for 1939 included £125,585,000 for national defence under the Ministry of the Interior, more than a third of the budget total. Separate Army and Navy proposals did not appear in outlines available here. A total of £314,000,000 has been voted in war credits since hostilities started.

The two figures above give the £439,759,000 total used here, a total that seems slight for a Nation at war when American statements are talking of £400,000,000 for 1940 defence appropriations.

When France votes more money for 1940, its total will draw nearer the British figure, which covers three months in 1940, as well as nine in 1939.

OUR GUIDE TO THE CINEMAS

"Rulers of the Sea" (Alhambra): A tale of sailing ships versus the first ship to cross the North Atlantic under steam. Will Pyffe, Scots comedian, anchors the film with his characterisation of the bumbling old Scots mechanic who (according to the story) invented a marine engine in his back-yard and faced a very serious disappointment on its account a little over a hundred years ago. Douglas Fairbanks, Jun., appears as the rebellious mate of a sailing ship who accompanies Will Pyffe home one night with fatal results. Director Frank Lloyd's storm scenes are magnificent.

"The Cat and the Canary" (Queen): A Paramount re-make of the silent thriller in which Laura La Plante starred several years ago. Bob Hope makes a good job of the nervous hero whilst Paulette Goddard reveals genuine acting ability.

"Count Guard" (Majestic): Dramatic story of a half-killing aerial constabulary "ace" who marries his friend's girl, falls to pieces when she leaves him and redeems himself by saving same friend's life. Starring Randolph Scott, Frances Dee and Ralph Bellamy.

"Girls on Probation" (Oriental): Tragic story of prison probationary system's part in saving a young girl, previously and wrongly accused, who finally assists the law against the real offender. Excellent performance by Jane Bryan in leading role.

OLD SCREENS WANTED
The Emergency First Aid Post requires donations of old screens and screw-top bottles. These should be sent to the Women's Air Raid Precautions Office, Colonial Secretariat. The Bandaging Class at the Helena May Institute will re-open on January 10 from 9.30 a.m.

Build up strength to AVOID COLDS and FEVERS



BE ON YOUR GUARD and make sure of vigorous red blood by taking Hall's Wine—the supreme tonic prepared from the formula of a well-known medical man. Hall's Wine builds up your strength, increases nervous energy and tones up the whole system—not after a lengthy course, but at once.

HALL'S WINE

—THE TONIC-BUILDER
FREE Wine Glasses. A crystal wine glass is given free with every large bottle you buy of Hall's Wine.

Agents: Gilman & Co., Ltd.

PURE BLOOD PERFECT HEALTH

"The Blood is the Stream of Life."
IMPURE BLOOD is the root cause of Skin Diseases, Bolls, Eczema, Rashes, Ulcers, Sores, Painful Joints, Rheumatic complaints. Unless the blood is cleansed of impurities and poisons, the arteries and internal organs are damaged, causing premature old age. The direct way to health is by purifying the blood with Clarke's Blood Mixture.



In LIQUID or TABLET form.
On all Chemists and Stores. Ask for and be sure you get "Clarke's Blood Mixture."



THE HONG KONG SOCIETY FOR THE PROTECTION OF CHILDREN

The Society asks for \$35,000 in 1940 to meet the increasing needs of sick and destitute children in Hong Kong. A copy of the Annual Report for 1939 may be obtained from:
Mr. A. McKELAR, C.A.
c/o Mackinnon Mackenzie & Co., P. & O. Building
Mr. KWOK CHAN,
c/o The Banque de l'Indo-Chine, Hong Kong.
Hon. Treasurers.

THE HONGKONG PENINSULA HOTEL:
HONGKONG HOTEL: REPULSE BAY HOTEL:
&
SHANGHAI
ASTOR HOUSE: PALACE HOTEL:
HOTELS
LIMITED

In association with the Grand Hotel des Wagons Lits, Peking

GORDON'S SHOE SALE

COMMENCES
MONDAY, JANUARY 8th
THE FOOTWEAR EVENT OF THE YEAR

KING'S
TO-DAY ONLY AT 2.30, 5.10, 7.15 & 9.30 P.M.

BLACKOUT!
PARIS TENSE!
CHAN COMMANDEERED!

CHARLIE CHAN
CITY IN DARKNESS

with
SIDNEY TOLER
Lynn Bari • Richard Clarke • Harold Huber
A 20th Century-Fox Picture

Also
LEW LIEB COMEDY
"MONKEYS IN THE CRAZIEST PEOPLE"
"SHEEP IN THE MEADOW" (Cartoon)
Sports Review "Clocking the Jockies"

TO-MORROW **ERROL FLYNN** in
A Warner Bros. Picture **"DODGE CITY"**
IN TECHNICOLOR

QUEEN'S
DAILY AT 2.30-5.15-7.20 & 9.30-TEL. 31455

TO-DAY AND TO-MORROW

THE KILLER-DILLER
OF THRILL SHOWS!
A lovely woman in the
clutches of a murderous mon-
ster as terror strikes the night!

The CAT and the CANARY
A Paramount Picture starring
BOB HOPE • PAULETTE GODDARD
John Ball • Douglass Montgomery • Gale Sondergaard
Elizabeth Patterson • George Zucco • Directed by Elliott Nugent

SUNDAY
FRANK LLOYD'S
"RULERS OF THE SEA"
Douglas FAIRBANKS, Jr. • Margaret LOCKWOOD

MAJESTIC THEATRE
NATHAN ROAD, KOWLOON
TEL. 57222

SHOWS DAILY 2.30-5.20 7.15-9.30
MATINEES 20c-30c • EVENINGS 20c-30c-50c-70c

TO-DAY & TO-MORROW
A THRILLING DRAMA OF LOVE AND ADVENTURE!

YOUTH STEERS A COURSE TO ADVENTURE

COAST GUARD
Thrills running across the
high seas in the Arctic
in COLUMBIA's highly
dramatic story of a
heroic Navy ship!

Directed by
WILLIS GOLDBECK

Added Attraction
LATEST UNIVERSAL WAR NEWSREEL: BOMBING OF HELSINKI
Direct after showing at the King's Theatre

COMMENCING SUNDAY
The Screen's Greatest Actress in the Year's Greatest Drama!
BETTE DAVIS in **"DARK VICTORY"**
A Warner Bros. Picture

CROMWELL Husband Of The World's Richest Girl APPOINTED AN ENVOY

SPECIAL TO THE "TELEGRAPH"
WASHINGTON, Jan. 4 (UP).
—The husband of the richest
girl in the world is to become
American Ambassador to
Canada.
The appointment of Mr. James
R. Cromwell to this post was
announced by President Roose-
velt to-day. Mr. Cromwell will
succeed Mr. Daniel Roper.
His wife is Doris Duke, heiress to
the famous tobacco millions of her
father, James Duke.
They were married in March 1935,
and came to Hongkong four months
later on their honeymoon, residing at
the Repulse Bay Hotel.
Mrs. Cromwell's fortune is estimated
at \$3,000,000.
Other ambassadorial appointments
notified by the President to-day are:
Mr. John Cudahy, Minister of Erie,
to become Ambassador to Belgium,
succeeding Mr. Joseph E. Davies;
Mr. Drexel Biddle Long becomes
Assistant Secretary of State;
Mr. George Messersmith, Assistant
Secretary of State, becomes Ambassa-
dor to Cuba;
Mr. R. Henry Norweb becomes
Ambassador to Peru;
Mr. Robert Scott becomes Minis-
ter to the Dominican Republic, suc-
ceeding Mr. R. Henry Norweb.

Floodlights Fool Reds Finns Invent A New Defence

SPECIAL TO THE "TELEGRAPH"
HELSINKI, Jan. 5
(UP).—Enormous electric flood-
lights are turning Arctic nights
into day on the frozen lakes of
the Karelian Isthmus as the
Finns put into practice an inno-
vation in warfare in an attempt
to prevent the Reds from flank-
ing the Finnish positions by
crossing the ice.
The powerful floodlight-like
beams are kept on throughout the
night which is now 18 hours long.
Additional safeguards include
artillery action against the Reds,
but the ice, which Finns are method-
ically smashing up as rapidly as it
forms.
Until the recent freezing of the
lakes, the Red advance was complet-
ely paralysed by the hundreds of small
lakes which render advance by
mechanized units impossible.

PORTUGAL HIT BY FLOODS

LISBON, Jan. 4 (Reuter).—The
floods which hit Portugal in the past
two days, are growing worse, and
large areas are now under water.
Some 50 villages are submerged
and hundreds of head of cattle have
been lost.

TOOK OPIUM TO PRISONER

Charged with conveying opium to
a prisoner whilst in custody at the
Central Magistracy yesterday, Cheuk
Lai, 29, unemployed was fined \$40
by Mr. Forrest this morning.

New Air Service

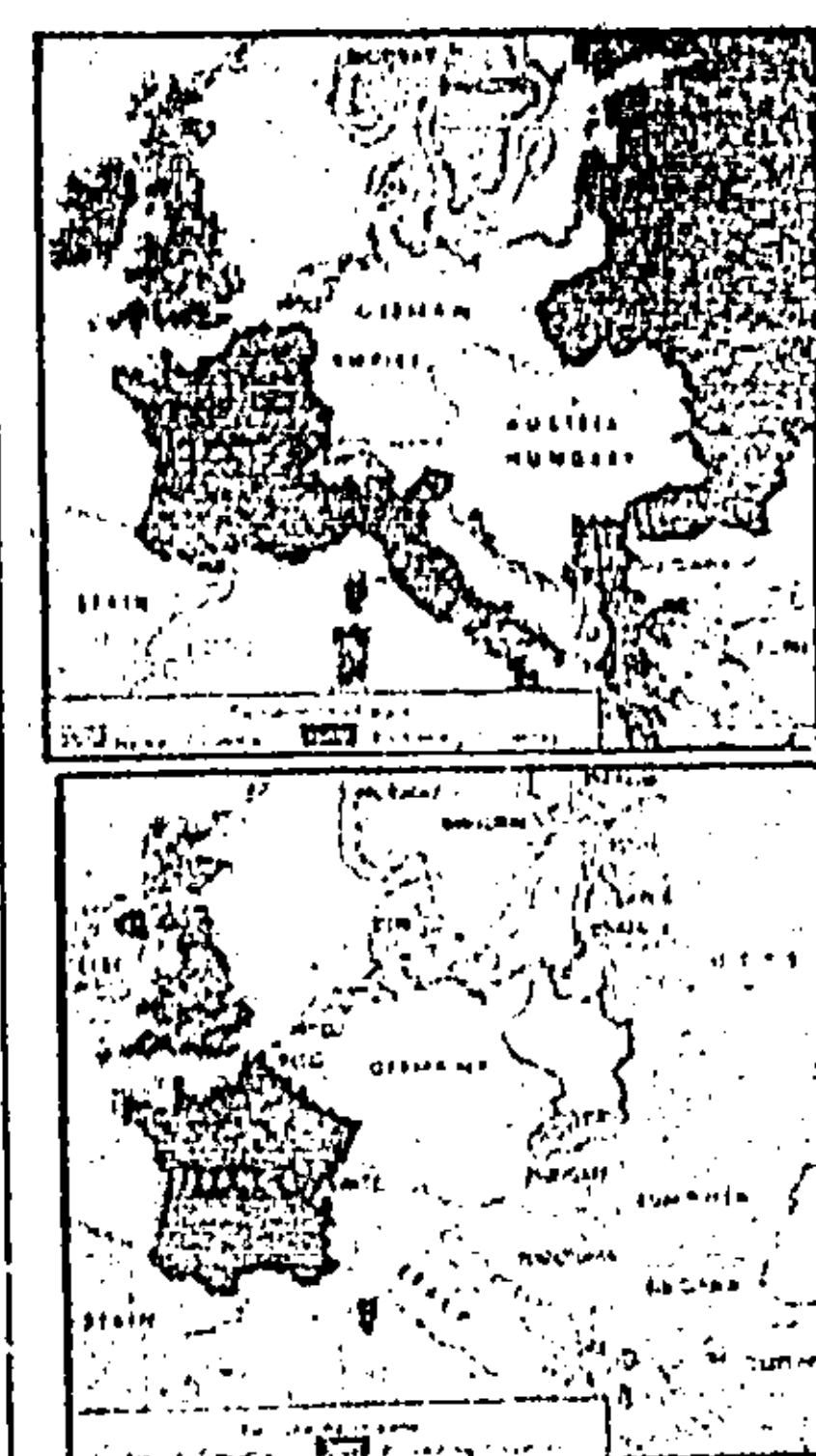
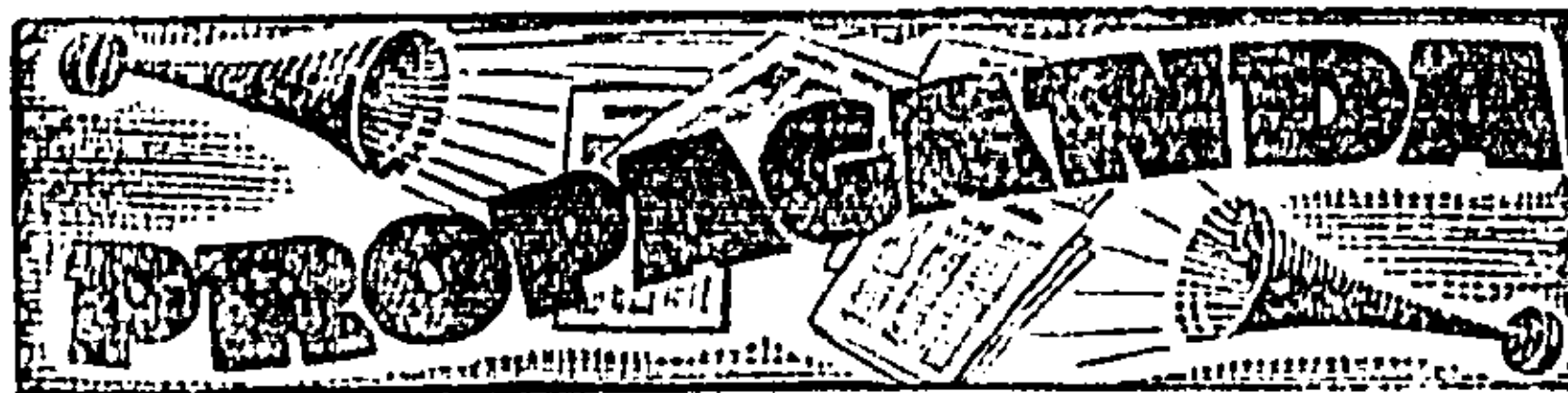
SPECIAL TO THE "TELEGRAPH"
TOKYO, Jan. 5 (Dunell).—A regu-
lar air service between Japan and
Thailand (Siam) will be inaugurated
on February 1.
Seven-seater Japanese-constructed
planes will be used on the new
route.

Ingenohl's

Grand Corona



Obtainable at all
Ingenohl's Cigar Stores "La Perla del Oriente" and other tobacconists



ADRESSEER
VOLLEZ

THESE propaganda notices,
posted in Holland (the
stamp and postmark are shown
above), are being received now
by many people.

The first, marked 1911, shows
the "encirclement" necessary
to make Britain's blockade suc-
cessful in the last war.

Below is one marked 1939 in
which the Germans attempt to
show how "encirclement" has
failed and how the blockade
must also fail.

It takes no account, however,
of the vital fact that present-
day Nazi Germany has no gold
or foreign currency with which
to pay for imports necessary to
carry on the war or that the
countries on her frontier can-
not supply many of the raw
materials she needs.

GRAF SPEE MEN TRY TO ESCAPE

MONTEVIDEO, Jan. 4
(Reuter).—Five members
of the Graf Spee crew made
a daring attempt to escape
internment to-day.
They secured a motor
launch and started for
Buenos Aires.
The motor launch develop-
ed engine trouble, however,
and the men were overtaken
and brought back.

WAR IN CHINA

PEACE IN OFFING? London Has Wave Of Optimism

LONDON, Jan. 4 (Reuter).—
Hopes that serious efforts may
shortly be made towards secur-
ing some settlement in the
Sino-Japanese war were respon-
sible for the sharp upward
movement of Chinese bonds
to-day.

It is realised that the potential
recovery capacity of China in
such an event must be large,
especially as the latest returns of
Customs revenues issued by the
Chinese Embassy indicate a relatively
small real decline in China's receipts
for 1939 as compared with last year.
Many financial quarters, who were
prepared for a much greater decline,
are now wondering whether, if
China can secure such a large cus-
toms revenue with many of her
legitimate trade outlets closed, she
might not provide a spectacular
commercial recovery were the normal
trading conditions restored.

Japanese Interest In Balkans

SPECIAL TO THE "TELEGRAPH"
ISTANBUL, Jan. 4 (UP).—Japane-
se diplomats here are showing a
marked interest in Balkan develop-
ments since the Russo-Bulgarian ap-
proachement.
The Japanese strongly support the
 bloc against Russian aggression in
the Balkans.
For the first time, staff correspon-
dents of the Domei News Agency
have been sent to Sofia and Istanbul.

Cottage Club Cavalcade

Members of the Cottage Club are
reminded that the Cavalcade of
Members will take place from the
Clubhouse on Saturday, at 3.30 p.m.

C. C. C. — Army Game Cancelled

The cricket match between
Craignower and Army scheduled
for to-morrow has been cancelled.
Craignower will play an intra-club
match at 2 p.m.
The following will represent Army
against Hongkong Cricket Club on the
club ground in the second division of
the League to-morrow—Capt. J. F. Lawrence,
captain; Bill T. MacLeod, Major J. E.
Smyth, Capt. A. B. Whittman, Lieut. A.
W. F. Peak, Lieut. B. A. Farquhar, Q. M. S.
Patterson, S/Sgt. Gardner, Lieut. Chaplin,
Sgt. Dunn, Sgt. Bailey.

H.K.C.C. Teams For To-morrow

The following are the Hongkong Cricket
Club teams for to-morrow:
First XI, H.K.C.C. (at Sookumpool)—T. A.
Pearce (Capt.), D. de S. Garey, D. G.
Day, A. T. Dow, A. H. Finlay, M. F. L.
Haynes, H. Owen Hughes, A. K. Mac-
Gowan, J. L. C. Pearce, J. E. Potter, T. M.
Sutter.
Second XI, Army (home)—E. J. B.
Nicholl (Capt.), H. J. Armstrong, C. W.
E. Bishop, N. D. Booker, G. E. H. Divett,
J. H. Fox, H. J. D. Lowe, D. O. Parsons,
H. S. W. Patterson, D. S. Todd, W. Stoker.

LATE NEWS

ALHAMBRA

NATHAN RD. KOWLOON DAILY AT 2.30-5.20 & 7.15-9.30-TEL. 56855

TO-DAY & TO-MORROW
The Amazing, Thrilling Story of the Growth
of To-day's Great Maritime Service!

THE MIGHTIEST SEA DRAMA EVER TO STORM THE SCREEN!

FRANK LLOYD'S
"RULERS OF THE SEA"
Douglas FAIRBANKS, Jr.
Margaret LOCKWOOD
Will Fyffe
George Bancroft • Montage Love
Produced and Directed by FRANK LLOYD

SUNDAY
A Paramount
Thriller! **"THE CAT & THE CANARY"**
PAULETTE GODDARD & BOB HOPE

DAILY
AT
2.30
5.20
7.20
9.20

STAR HANKOW
ROAD
KOWLOON
TEL.
57793

TO-DAY ONLY

Columbia Films
present
Henry FONDA
Maureen O'SULLIVAN
in
LET US LIVE

To-morrow: **"TOPPER"** MGM Picture

4 SHOWS
DAILY
2.30-5.15
7.15-9.30

ORIENTAL THEATRE
FLEMING
ROAD, WANCHAI
TEL. 28412

2 DAYS TO-DAY & TO-MORROW

She Lies — She Steals — She Cheats —
AND SHE MIGHT BE YOUR KID SISTER

From rich homes and poor, come hundreds of dangerous
daughters. Will probations make these bad girls good,
or just give them another chance to be bad?

YOU'LL SEE THE ANSWER IN THIS AMAZING

THE
SENSATION
OF THE HOUR

**GIRLS
ON
PROBATION**

ARE THEY THE
MARKED WOMEN
OF TOMORROW?

SUNDAY **"THE FOUR FEATHERS."**
STARTS
Alexander Korda's two million dollar spectacle.

MATINEES: 20c-30c. • EVENINGS: 20c-30c-50c-70c.

TAKE ANY TRAM or HAPPY VALLEY BUS.

CATHAY
DAILY AT 2.30, 5.15, 7.20 & 9.30 P.M.
MATINEES—20c, 30c, 40c. EVENINGS—20c, 30c, 50c, 70c, 80c.

TO-DAY & TO-MORROW — 2 DAYS ONLY!

The screen's most embarrassing moments
in this hilarious romance of a shopgirl who
adopted a doorknocker baby,
and of the boss's
son!

IT'S A REAL SENSATION!
GINGER ROGERS • NIVEN
BACHELOR MOTHER
CHARLES COBURN • FRANK
ALBERTSON • E. E. CLIVE

* Two Days Only! Friday and Saturday *
Return Showing by Public Demand!

"SUEZ"
Tyrona Power, Loretta Young, Annabella

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